Exhibit A

Comptroller's Department

Financial Statements and Appended Notes for the Year ended December 31, 2011

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Port Authority of New York and New Jersey

We have audited the accompanying consolidated financial statements of net assets of The Port Authority of New York and New Jersey (the "Port Authority") as of December 31, 2011 and 2010, and the related consolidated statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the net assets of the Port Authority as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A-4 to the consolidated financial statements, the Port Authority has prepared the accompanying Schedules A, B and C in accordance with Port Authority bond resolutions, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These schedules are the responsibility of the Port Authority's management. The effects of the differences between the bond resolution basis of accounting and accounting principles generally accepted in the United States of America are also discussed in Note A-4 to the financial statements.

In our opinion, because of the effects of the differences between the two bases of accounting referred to in the preceding paragraph, such Schedules A, B and C do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the assets and liabilities of the Port Authority at December 31, 2011 and 2010, or its revenues and reserves for the years then ended.

However, in our opinion, such Schedules A, B and C present fairly, in all material aspects, the assets and liabilities of the Port Authority at December 31, 2011 and 2010, and its revenues and reserves for the years then ended, in accordance with the requirements of the Port Authority bond resolutions as discussed in Note A-4.

The "Management's Discussion and Analysis" and the Schedule of Funding Progress are not a required part of the consolidated financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This required supplementary information is the responsibility of the Port Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements and Schedules A, B and C taken as a whole. The supplemental information presented in Schedules D-1, D-2, D-3, E, F, and G is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. This supplemental information is the responsibility of the Port Authority's management. Schedules D-1, D-2, E, and F have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. Schedules D-3 and G have not been subjected to the auditing procedures applied in our audits of the consolidated financial statements and accordingly, we express no opinion on them.

Deloitte & Touche LLP

February 24, 2012

Management's Discussion and Analysis
Year ended December 31, 2011

Introduction

The following discussion and analysis of the financial performance and activity of The Port Authority of New York and New Jersey and the related entities described herein (see Note A.1(d) – Nature of the Organization and Summary of Significant Accounting Policies) is intended to provide an introduction to and understanding of the consolidated financial statements of the Port Authority for the year ended December 31, 2011, with selected comparative information for the years ended December 31, 2010 and December 31, 2009. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Overview of 2011 Financial Results

Net assets of the Port Authority increased $701 million in 2011, compared to an increase of $347 million in 2010.

Gross operating revenues totaled $3.8 billion in 2011, representing a $166 million increase from 2010. This increase was primarily due to a $78 million increase in toll and fare revenues, reflecting the partial year impact of revised toll and fare schedules which became effective on September 18, 2011 at the Port Authority's six vehicular crossings and the Port Authority Trans-Hudson Corporation (PATH) system; a $41 million increase in facility rental revenues associated with Special Project Bonds, Series 8, JFK International Air Terminal LLC (JFKIAT Project) issued in December 2010 for a terminal expansion project at John F. Kennedy International Airport (JFK); and a $23 million increase in aviation fees primarily derived from cost recovery agreements with airlines operating at LaGuardia Airport (LGA), JFK and Newark Liberty International Airport (EWR).

Operating and maintenance expenses totaled $2.6 billion in 2011, a $34 million decrease when compared to 2010. The decrease was primarily due to a $186 million decrease in non-recurring capital expenditure write-offs to operating expense accounts in 2011 compared to 2010 write-offs, which included the write-off of alternative design work prepared in conjunction with the redevelopment of the World Trade Center (WTC) site and the terminated Access to the Region's Core Project (ARC Project). Partially offsetting this decrease was a $96 million increase in contract service costs in 2011 from 2010, primarily due to a $24 million increase for the use of outside legal services and a $15 million increase in costs for the demolition of Terminal 6 and Hangar 12 at JFK; a $41 million increase in interest expenses associated with the JFKIAT Project; and a $15 million increase in employee compensation costs primarily due to higher police overtime resulting from the continued heightened security levels at Port Authority facilities.

Depreciation and amortization expense increased by $65 million in 2011 compared to 2010 primarily reflecting the full year impact of transferring $1.8 billion of construction in

progress to completed construction in 2010 and the transfer of an additional $2.1 billion of construction in progress to completed construction in 2011.

Net recoverables relating to the events of September 11, 2001 decreased by $53 million in 2011 reflecting the 2010 final settlement with insurers participating in the Port Authority's property damage and business interruption insurance claims related to the events of September 11, 2001.

Financial income decreased by $51 million in 2011 compared to 2010 primarily due to a $41 million year-to-year decrease in market valuation adjustments associated with three unhedged interest rate exchange contracts (swaps). Interest expense increased by $58 million in 2011 primarily reflecting higher outstanding principal amounts in connection with consolidated bonds and other asset financings.

Contributions, Passenger Facility Charges (PFCs) and grants increased by $382 million in 2011 compared to 2010 primarily due to contributed capital amounts of $275 million from the net lessees of WTC Towers 2, 3 and 4 (Silverstein net lessees) relating to the construction of these buildings and $100 million from the Durst Corporation (Durst) for a minority equity interest in Tower 1 Joint Venture LLC.

Other Activities

- Capital spending by the Port Authority reached $3.4 billion in 2011 with $2.4 billion spent on the redevelopment of the WTC site; $254 million on PATH, including $172 million for the purchase of new PATH rail cars and $44 million for the PATH signal replacement project; $214 million spent on Port Commerce facilities, including $109 million on channel improvement projects; $212 million spent on Aviation facilities, including $28 million on Terminal B mid and upper level modifications at EWR; $160 million spent on Tunnel, Bridge & Terminal facilities, including $20 million on George Washington Bridge (GWB) upper level structural rehabilitation; and $154 million spent on projects designed to maintain the safety and security across the agency's facilities.

- The Port Authority's Preliminary 2012 Budget includes $3.7 billion in capital spending for investment in key regional projects such as the continued rebuilding of the WTC site; infrastructure improvements to the main routes and approaches to the Lincoln Tunnel; continued planning efforts for the replacement of the Goethals Bridge; rehabilitation of the Bayonne Bridge and Terminals A and B at EWR; runway and taxiway reconstruction at airports; and the advancement of a new PATH signal system.

- The toll and fare schedules for the Port Authority's six vehicular crossings and the PATH system were revised effective on September 18, 2011. The toll for automobiles paying with cash was increased from $8.00 to $12.00, with further increases of $1.00 scheduled in December 2012, 2014 and 2015; the cash toll for truck classes 2-6 was increased from $8.00 to $13.00 per axle, with further

increases of $2.00 per axle scheduled in December each year from 2012 through 2015; the cash toll for buses carrying 10 or more people was increased from $6.00 to $20.00, with further increases of $1.00 scheduled in December each year from 2012 through 2015. Discounts are available for vehicles using the E-ZPass electronic toll collection system and certain designated user programs. The PATH base fare for a single trip increased from $1.75 to $2.00 per trip, with further increases of 25 cents scheduled on October 1st each year from 2012 through 2014. The cost of the multi-trip tickets and SmartLink passes will increase on October 1st each year from 2012 through 2014 in a consistent manner with the base fare increase.

As a condition of the toll and fare increases, a Special Committee of the Board of Commissioners (Special Committee) was formed on September 30, 2011, as directed by the Governors of the States of New York and New Jersey, to immediately commence a comprehensive audit of the Port Authority focusing on both a financial audit of the Port Authority's ten-year capital plan to reduce its size and cost and a review of the Port Authority's management and operations to find ways to lower costs and increase efficiencies. On January 31, 2012, the Special Committee issued a Phase I Interim Report to the Governors.

On September 27, 2011, the Automobile Club of New York, Inc. d/b/a AAA New York and North Jersey Inc., instituted an action against the Port Authority in the United States District Court for the Southern District of New York seeking (i) a declaration that the 2011 tolls schedule is illegal and void under the Federal-Aid Highway Act of 1987 and the Commerce Clause of the United States Constitution; and (ii) to preliminarily enjoin the Port Authority from continuing to collect tolls under the 2011 tolls schedule pending a determination in this action and directing the Port Authority to reinstate the tolls in effect prior to September 18, 2011. The Port Authority disputes the plaintiffs' allegations and vigorously defends the Port Authority's position that the 2011 tolls schedule is consistent with the just and reasonable requirement of the Federal-Aid Highway Act of 1987, does not violate the Commerce Clause, and conforms with established case law.

On February 6, 2012, United States District Court for the Southern District of New York denied the plaintiffs' application for a preliminary injunction.

- After years of a severe recession affecting the global economy, including the New York/New Jersey region, activity levels across Port Authority facilities have started to recover from their recession lows. A combination of the modest gains in activity levels, increased rental revenues in connection with airport terminal expansion and the toll and fare increases have put the agency in a more financially sound position to support its ten-year capital plan for building new facilities and maintaining the existing network of facilities in a state of good repair. The Port Authority's Preliminary 2012 Budget anticipates a $31 million, or 1.2%, increase in operating expenses over the 2011 budget. This increase is to

accommodate one-time items for an interim port operating agreement in connection with the surrender of certain port tenant leaseholds, and acceleration of a final payment under a memorandum of agreement between the Port Authority and the Brooklyn Bridge Park Development Corporation as well as for additional policing needs at the WTC site. The agency's core expenses, excluding these incremental costs, are relatively flat while providing approximately $36 million in increased air and marine terminal rent payments under certain lease agreements with the City of New York and the City of Newark.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Port Authority's financial statements, including the notes to the consolidated financial statements, required supplementary information, financial schedules pursuant to Port Authority bond resolutions, and statistical and other supplemental information. The financial statements comprise the following: the Consolidated Statements of Net Assets, the Consolidated Statements of Revenues, Expenses and Changes in Net Assets, the Consolidated Statements of Cash Flows, and the Notes to the Consolidated Financial Statements.

Consolidated Statements of Net Assets

The Consolidated Statements of Net Assets present the financial position of the Port Authority at the end of the fiscal year and include all of its assets and liabilities. Net Assets represent the difference between total assets and total liabilities. A summarized comparison of the Port Authority's assets, liabilities, and net assets follows:

	2011	2010	2009
		(In thousands)	
ASSETS			
Current assets	**$ 4,044,368**	$ 3,348,508	$ 3,542,307
Noncurrent assets:			
Facilities, net	**23,134,288**	20,557,400	18,398,356
Other noncurrent assets	**6,739,065**	5,649,662	5,266,810
Total assets	**33,917,721**	29,555,570	27,207,473
LIABILITIES			
Current liabilities	**2,635,668**	2,456,529	2,292,249
Noncurrent liabilities:			
Bonds and other asset financing obligations	**15,751,041**	13,554,884	12,406,153
Other noncurrent liabilities	**3,805,121**	2,519,534	1,831,289
Total liabilities	**22,191,830**	18,530,947	16,529,691
NET ASSETS			
Invested in capital assets, net of related debt	**10,020,306**	9,200,077	8,415,993
Restricted	**294,460**	222,871	211,725
Unrestricted	**1,411,125**	1,601,675	2,050,064
Total net assets	**$ 11,725,891**	$ 11,024,623	$ 10,677,782

Port Authority assets, which totaled $33.9 billion at December 31, 2011, increased by $4.4 billion from December 31, 2010 primarily due to a $2.6 billion increase in "Facilities, net," including both completed construction and construction in progress, and a $1.2 billion increase in "Amounts receivable – Tower 4 Liberty Bonds" in 2011 due to the issuance of "New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project)" (Tower 4 Liberty Bonds) in November 2011 by the New York Liberty Development Corporation for the continued construction of WTC Tower 4. In addition, cash and investments increased by $605 million primarily due to an increase in available bond proceeds received in connection with the issuance of capital obligations, and an increase in Port Authority reserve funds. Partially offsetting these increases was a $132 million decrease in "Other amounts receivable, net" due to the satisfaction of the receivable recognized in 2001 in connection with the recovery for and development of certain capital assets primarily comprised of WTC Towers 2, 3 and 4.

Port Authority liabilities totaled $22.2 billion at December 31, 2011, an increase of $3.7 billion from December 31, 2010. This increase was primarily due to a $2.2 billion increase in "Bonds and other asset financing obligations" resulting from the issuance of consolidated bonds in connection with the Port Authority's capital plan and a $1.2 billion increase in "Amounts payable – Tower 4 Liberty Bonds" in 2011 due to the issuance of Tower 4 Liberty Bonds in November 2011 by the New York Liberty Development Corporation for the continued construction of WTC Tower 4 (see Note D and Note K).

Net assets totaled $11.7 billion at December 31, 2011, an increase of $701 million from December 31, 2010. "Invested in capital assets, net of related debt," totaling $10 billion at December 31, 2011, represents the largest of the three components of Port Authority Net Assets and comprises investment in capital assets (such as land, buildings, improvements and equipment), less the related outstanding indebtedness used to acquire those capital assets. Net Assets reported as restricted due to constraints imposed by agreements or legislation totaled $294 million, comprised of $160 million for Port Authority Insurance Captive Entity, LLC (PAICE); $100 million for a minority equity interest in Tower 1 Joint Venture LLC; $20 million in PFCs restricted for use on projects or expenditures eligible for the application of PFCs; and $14 million in insurance proceeds which are restricted to business interruption obligations and redevelopment expenditures of WTC Retail LLC. The balance of net assets at December 31, 2011 totaling $1.4 billion are unrestricted and may be used to meet ongoing Port Authority obligations.

Consolidated Statements of Revenues, Expenses and Changes in Net Assets

The change in net assets is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year. Following is a summary of the Consolidated Statements of Revenues, Expenses and Changes in Net Assets:

	2011	2010	2009
		(In thousands)	
Gross operating revenues	**$ 3,800,480**	$ 3,634,023	$ 3,552,243
Operating expenses	**(2,564,969)**	(2,598,557)	(2,438,670)
Depreciation and amortization	**(930,264)**	(865,515)	(786,948)
Net recoverables related to the events of September 11, 2001	**-**	53,051	202,978
Income from operations	**305,247**	223,002	529,603
Net non-operating expenses	**(609,172)**	(499,338)	(329,326)
Contributions, PFCs and grants	**1,005,193**	623,177	646,141
Increase in net assets	**$ 701,268**	$ 346,841	$ 846,418

Additional information on facility operating results can be found in Schedule E located in the Statistical and Other Supplemental Information section of this report.

Revenues

A summary of gross operating revenues follows:

	2011	2010	2009
		(In thousands)	
Gross operating revenues:			
Rentals	**$ 1,150,569**	$ 1,144,709	$ 1,115,652
Tolls and fares	**1,148,061**	1,069,785	1,068,105
Aviation fees	**895,356**	872,774	839,327
Parking and other	**339,131**	321,257	316,005
Utilities	**154,810**	154,041	140,817
Rentals - Special Project Bonds Projects	**112,553**	71,457	72,337
Total	**$ 3,800,480**	$ 3,634,023	$ 3,552,243

2011 vs. 2010

Gross operating revenues totaled $3.8 billion for the year ended December 31, 2011, a $166 million increase from 2010. The increase in operating revenues was primarily due to:

- Toll revenues from the Port Authority's six vehicular crossings increased by $68 million in 2011 compared to 2010. The increase was primarily due to the partial year impact of revised tolls which became effective on September 18, 2011; partially offsetting this increase was a 1.7% overall decline in vehicular activity at the Port Authority's six vehicular crossings in 2011 when compared to 2010.

PATH fares increased by $10 million in 2011 compared to 2010 primarily due to the partial year impact of revised fares which became effective on September 18, 2011; this increase was furthered by an increase in overall ridership levels of 3.6% in 2011 when compared to 2010.

- Rentals – Special Project Bonds Projects revenue increased by $41 million due to the full year impact of the December 2010 issuance of JFKIAT Project obligations in connection with the expansion of Terminal 4 at JFK.

- Aviation fees increased by $23 million year-to-year primarily reflecting higher revenues derived from cost recovery agreements with the airlines operating at LGA, JFK and EWR.

- Parking and other revenues increased by $18 million in 2011 compared with 2010 primarily due to a $7 million net increase related to the establishment of the Cargo Facility Charge, a cargo activity based port infrastructure and security fee, in March 2011; and a $6 million increase for the sale of development rights at Queens West Waterfront Development Facility.

- Rental revenues increased by $6 million in 2011 compared to 2010 primarily due to a $41 million increase in fixed and activity based rentals from major tenants at Aviation and Port Commerce facilities. Partially offsetting these increases was a $33 million decrease under the net leases for WTC Towers 2 and 3, resulting from the full year impact of the 2010 net lease amendments in connection with the implementation of the 2010 World Trade Center Eastside Development Plan.

2010 vs. 2009

Gross operating revenues totaled $3.6 billion for the year ended December 31, 2010, an $82 million increase from 2009. The increase in operating revenues was primarily due to:

- Aviation fees increased by $33 million year-to-year reflecting higher revenues derived from cost recovery agreements with the airlines operating at LGA, JFK and EWR.

- Rental revenues increased by $29 million in 2010 compared to 2009 primarily due to higher fixed and activity based rentals from tenants at Aviation and Port Commerce facilities. The increased rentals were partially offset by lower rental revenues under the net leases for WTC Towers 2 and 3 as a result of amendments in connection with the implementation of the 2010 World Trade Center Eastside Development Plan; and a decrease in revenues associated with the Ramada Hotel at JFK which closed in December 2009.

- Utility revenues increased by $13 million in 2010 compared to 2009 primarily due to higher rates and increased consumption for electricity and water.

- Parking and other revenues increased by $5 million in 2010 compared with 2009 primarily due to an increase in express rail lift fees at Port Newark and Elizabeth – Port Authority Marine Terminal; and an increase in vehicular parking activity at LGA, JFK and EWR, partially offset by a decrease in gate and tipping fees at the Essex County Resource Recovery Facility due to lower rates.

- Toll and fare revenues increased $2 million in 2010 compared to 2009 reflecting a 2.3% increase in ridership levels on the PATH system, offset by a 0.2% overall decline in vehicular activity at Port Authority tunnel and bridge crossings in 2010.

Expenses

A summary of operating expenses follows:

	2011	2010	2009
		(In thousands)	
Operating expenses:			
Employee compensation, including benefits	**$ 1,037,681**	$1,022,195	$ 974,154
Contract services	**726,883**	630,438	683,418
Rents and amounts in-lieu-of taxes	**280,237**	272,002	276,830
Materials, equipment and other	**219,183**	418,639	263,682
Utilities	**188,432**	183,826	168,249
Interest on Special Project Bonds	**112,553**	71,457	72,337
Total	**$ 2,564,969**	$2,598,557	$2,438,670

2011 vs. 2010

Operating expenses totaled $2.6 billion in 2011, a $34 million decrease from 2010. The year-to-year decrease was primarily due to the following:

- Costs for materials, equipment and other items decreased by $199 million in 2011 from 2010 primarily due to a $214 million decrease in non-recurring capital expenditure write-offs to operating expense accounts. 2010 write-offs included alternative design work performed in conjunction with the redevelopment of the WTC site, the terminated ARC Project, and $28 million associated with the 2010 purchase of a portion of the former Marine Ocean Terminal at Bayonne Peninsula (MOTBY). Partially offsetting these decreases were a $10 million increase in the write-off of bad debt at Port Authority facilities, and a $7 million increase in the actuarially determined incurred but not reported (IBNR) loss provision for PAICE.

- Contract service costs increased by $96 million in 2011 from 2010 primarily due to a $24 million increase in the use of outside legal services, a $15 million increase in costs for the demolition of Terminal 6 and Hangar 12 at JFK, and a $12 million increase in costs for interim terminal operating agreements at the New York Marine Terminal at Red Hook and New Jersey Marine Terminal at Port Newark.

- Interest expenses associated with Special Project Bonds increased by $41 million due to the full year impact of the December 2010 issuance of JFKIAT Project obligations in connection with the expansion of Terminal 4 at JFK.

- Employee compensation costs increased by $15 million in 2011 compared to 2010 primarily due to an increase of $25 million in labor charges, including a $21 million increase in policing costs resulting from the continued heightened security levels at Port Authority facilities; partially offsetting these increases was a $10 million decrease in overall benefit expenses, primarily due to lower other postemployment benefits (OPEB).

2010 vs. 2009

Operating expenses totaled $2.6 billion in 2010, a $160 million increase from 2009. The year-to-year increase was primarily due to the following:

- Costs for materials, equipment and other items increased by $155 million in 2010 from 2009 primarily due to the write-off of approximately $222 million in capital expenditures to operating expense accounts, primarily for design work related to alternative analyses performed in conjunction with the redevelopment of the WTC site and the termination of the ARC Project; a $31 million increase in acquisition costs associated with the purchase of a portion of the former MOTBY. These one-time charges were partially offset by a $70 million decrease in expenses reflecting the termination in 2009 of the Port Authority's payment of liquidated damages to the Silverstein net lessees for WTC Towers 2 and 3 in connection with the timing of the Port Authority's turnover of the site for such towers to the net lessees thereof; and a $17 million decrease in the loss provision for IBNR claims associated with PAICE.

- Employee compensation costs increased by $48 million in 2010 compared to 2009 primarily due to higher expenses for retirement benefits associated with a 2010 New York State Retirement System retirement incentive program and OPEB.

- Utility expenses increased $16 million in 2010 from 2009 due to higher rates and increased consumption for electricity and water.

- Contract service costs decreased $53 million in 2010 from 2009 primarily due to the closing of the Ramada Hotel at JFK in December 2009, lower outside legal costs associated with the redevelopment of the WTC site, and lower architectural and design consulting costs associated with the Port Authority's operating major works program.

Depreciation and Amortization

A summary of depreciation and amortization expenses follows:

	2011	2010	2009
		(In thousands)	
Depreciation and amortization:			
Depreciation of facilities	**$852,727**	$789,011	$712,331
Amortization of costs for regional programs	**77,537**	76,504	74,617
Total	**$930,264**	$865,515	$786,948

2011 vs. 2010

Depreciation and amortization expense totaled $930 million in 2011, an increase of $65 million compared to 2010. The increase primarily reflects the full year impact of transferring $1.8 billion of construction in progress to completed construction in 2010 and the transfer of an additional $2.1 billion in capital expenditures to completed construction in 2011. 2011 transfers of $2.1 billion were comprised of $983 million for the construction of WTC site infrastructure; $386 million of Aviation related investment including $200 million for runway and taxiway improvements; $203 million for capital projects designed to maintain security at Port Authority facilities; and $193 million for 130 new PATH rail cars.

2010 vs. 2009

Depreciation and amortization expense totaled $866 million in 2010, an increase of $79 million compared to 2009. The increase primarily reflects the full year impact of transferring $1.3 billion of construction in progress to completed construction in 2009 and the transfer of an additional $1.8 billion in capital expenditures to completed construction in 2010. The 2010 transfer of $1.8 billion included in excess of $590 million in aviation related investment, comprising $265 million for runways and taxiways, including $188 million for the Bay Runway at JFK, $175 million in terminal improvements, and $150 million in infrastructure and other improvements. In addition, transfers to completed construction included $277 million for new PATH rail cars, $109 million for the acquisition of MOTBY, $101 million for land acquisitions and easements attributable to the terminated ARC Project and $178 million for capital projects designed to maintain the safety and security of the agency's facilities.

Non-operating Revenues and Expenses

	2011	2010	2009
		(In thousands)	
Non-operating revenues and (expenses):			
Interest income	**$ 54,398**	$ 61,168	$ 67,820
Net (decrease) increase in fair value of investments	**(101,296)**	(56,733)	78,741
Interest expense in connection with bonds and other asset financing	**(559,110)**	(501,607)	(501,892)
Net gain on disposition of assets	**-**	-	27,125
Pass-through grant program payments	**(11,507)**	(2,166)	(1,120)
4 WTC associated payments	**8,343**	-	-
Net non-operating expenses	**$ (609,172)**	$ (499,338)	$(329,326)

2011 vs. 2010

Financial income, including interest income and changes to the fair value of investments decreased by $51 million in 2011 compared with 2010, primarily due to a $45 million decrease in the fair value of investments, including a $41 million year-to-year decrease in market valuation adjustments associated with three unhedged swaps, and a $7 million decrease in earnings on investment securities due to a lower interest rate environment. Financial expense in connection with bonds and other financing obligations of $559 million increased by $58 million in 2011 from 2010, primarily reflecting higher average principal balances of outstanding debt obligations in 2011 compared to 2010, including $8 million of accrued interest expense associated with Tower 4 Liberty Bonds issued in November 2011 for the continued construction of WTC Tower 4. Partially offsetting these amounts was an $8 million increase in "4 WTC associated payments" reflecting the reimbursement from the WTC Tower 4 net lessee for accrued interest expense associated with Tower 4 Liberty Bonds.

2010 vs. 2009

Financial income, including interest income and changes to the fair value of investments, decreased by $142 million in 2010 compared with 2009 due to lower market valuation adjustments for three unhedged swaps and lower earnings on investment securities due to a lower interest rate environment. Overall interest expense remained relatively flat year-to-year.

Contributions, Passenger Facility Charges and Grants

	2011	2010	2009
		(In thousands)	
Contributions in aid of construction	**$ 767,010**	$ 358,268	$ 382,978
Passenger Facility Charges	**214,456**	210,387	201,737
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	42,814	50,813
Grants	**23,727**	11,708	10,613
Total	**$1,005,193**	$ 623,177	$ 646,141

2011 vs. 2010

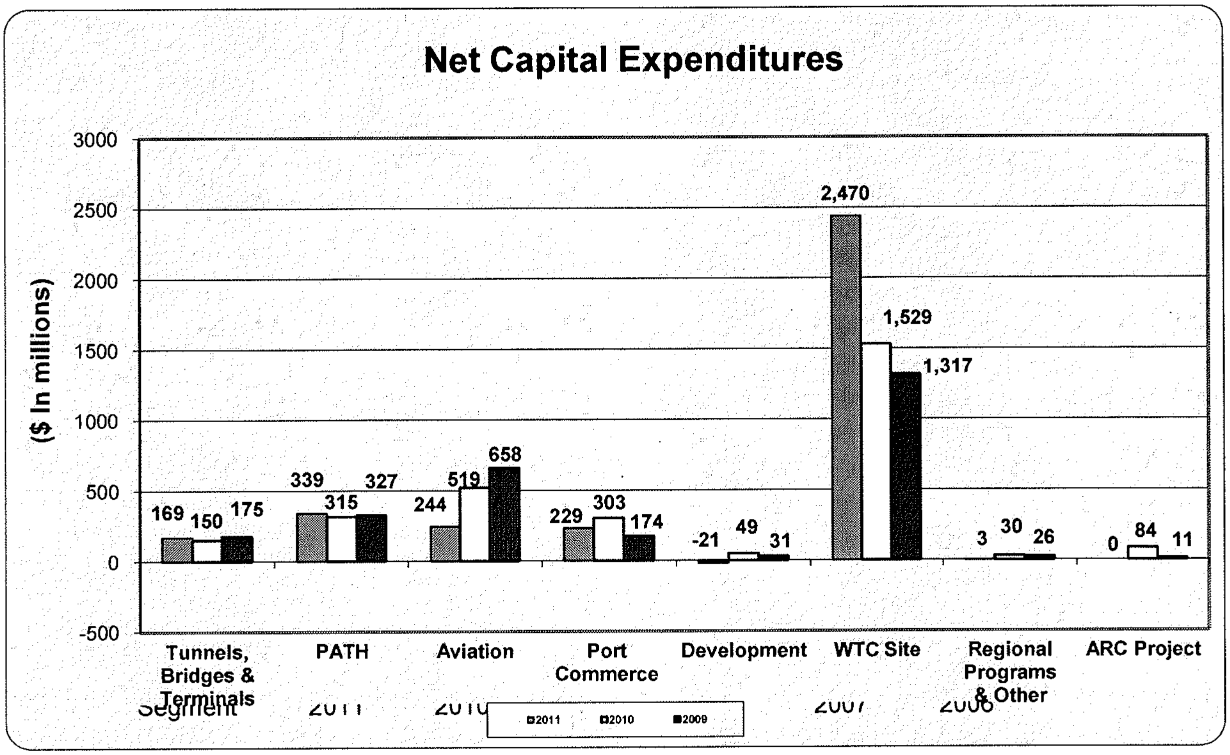
PFCs, grants, 1 World Trade Center LLC (1 WTC LLC)/ WTC Retail LLC restricted insurance proceeds and other contributions in aid of construction totaled $1 billion in 2011, representing a $382 million increase from 2010. The total year-to-year increase was primarily due to contributed capital amounts of $275 million from Silverstein net lessees for the construction of WTC Towers 2, 3 and 4, and a $100 million capital contribution by Durst for a minority equity interest in Tower 1 Joint Venture LLC. These increases were partially offset by a decrease of $43 million in insurance proceeds received in connection with the November 2006 global settlement of 1 WTC LLC and WTC Retail LLC allocated amounts of September 11, 2001 property damage and business interruption claims.

2010 vs. 2009

PFCs, grants, 1 WTC LLC/ WTC Retail LLC restricted insurance proceeds and other contributions totaled $623 million in 2010, representing a $23 million decrease from 2009. The year-to-year decrease is primarily due to lower amounts received in connection with capital projects eligible for federal funding from the Federal Transit Administration (FTA) and insurance proceeds received in connection with the November 2006 global settlement of the WTC net lessees September 11, 2001 property damage and business interruption claims. The decrease was partially offset by an increase in PFC collections reflecting higher passenger activity at LGA and JFK.

Capital Construction Activities

Port Authority expenditures for capital construction projects, including contributed capital amounts, totaled $3.4 billion in 2011, $3.0 billion in 2010 and $2.7 billion in 2009. The following chart depicts net capital expenditures for the last three years summarized by line of business:

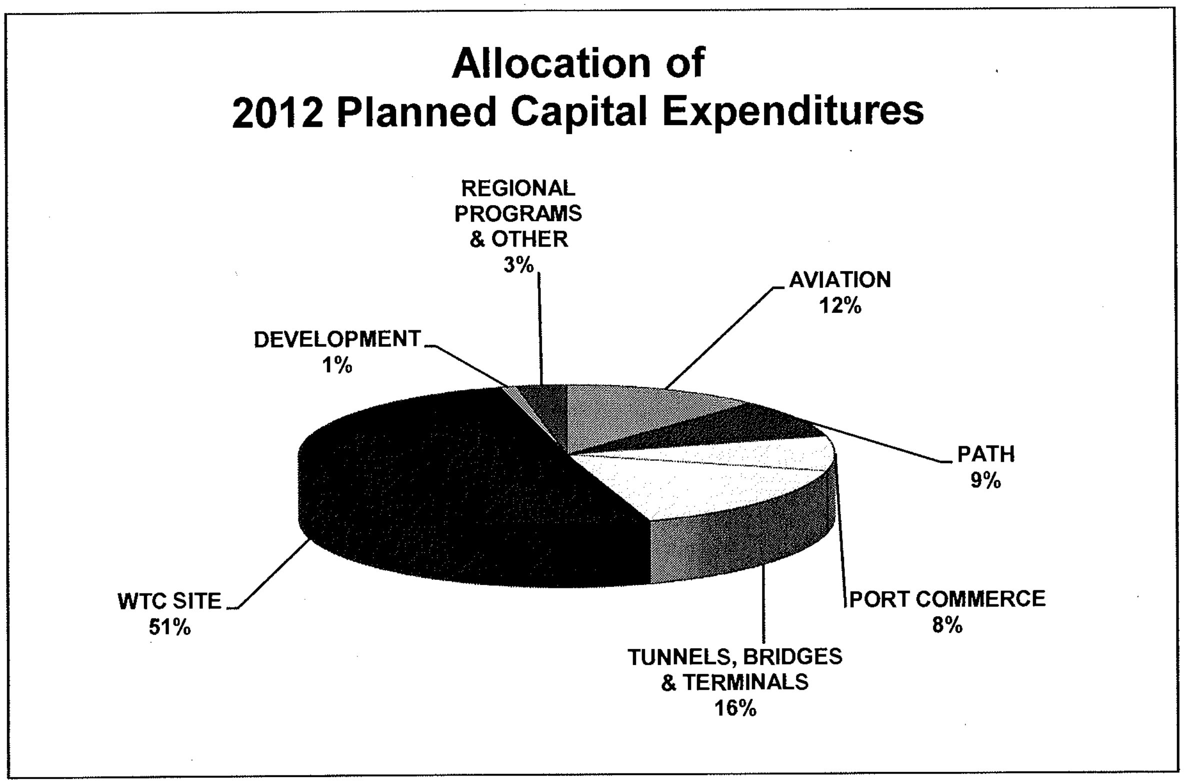


Funding sources for the $3.4 billion of Port Authority capital investment in 2011 were as follows: $2.1 billion was funded with proceeds received from the issuance of capital debt obligations, $199 million was funded with PFCs, $123 million was funded with FTA contributions in aid of construction for the WTC Transportation Hub, $37 million was funded with other contributions in aid of construction, $12 million was funded with 1 WTC LLC insurance proceeds, $272 million was funded with Port Authority Consolidated Bond Reserve Fund, $100 million was funded with Tower 1 Joint Venture LLC capital contributions, $489 million was funded from WTC Towers 2, 3 and 4 net lessee capital contributions, and the balance of approximately $97 million was funded through other sources.

Additional capital investment information on Port Authority facilities can be found in Note B - Facilities, Net to the consolidated financial statements and in Schedule F – Information on Port Authority Capital Program Components located in the Statistical and Other Supplemental Information section of this report.

2012 Planned Capital Expenditures

The Preliminary 2012 Budget includes capital spending of approximately $3.7 billion, as depicted in the following chart:



Major elements of 2012 planned capital expenditures include:

- Continued redevelopment of the WTC site, including One World Trade Center, the WTC Transportation Hub, certain WTC site infrastructure, the WTC Vehicular Security Center and Tour Bus Parking Facility, and WTC retail redevelopment
- Improvements to infrastructure for the main routes and approaches to the Lincoln Tunnel
- Continued planning efforts for replacement of the Goethals Bridge and rehabilitation of the Bayonne Bridge
- Rehabilitation of the Holland Tunnel ventilation system, GWB upper level deck, and Lincoln Tunnel helix and bus ramps

- Planning activities for the modernization of Terminals A and B at EWR, and the expansion of Terminal 4 at JFK

- Airport runway and taxiway reconstruction

- Advancement of the PATH signal replacement program

- Enhancement to safety and security projects on the PATH system

- Continued Port Commerce capacity improvements including rail and roadway enhancements, channel improvements and the redevelopment of the Port Jersey – Port Authority Marine Terminal

Capital Financing and Debt Management

As of December 31, 2011, bonds and other asset financing obligations of the Port Authority totaled approximately $16.6 billion, excluding $1.2 billion associated with the issuance of Tower 4 Liberty Bonds.

During 2011, the Port Authority issued $2.6 billion of Consolidated Bonds. Of this amount, $2.1 billion was allocated to fund projects and $486 million was used to refund existing outstanding obligations.

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority. All ratings for the obligations outstanding in 2010 have remained the same for 2011. During 2011, Standard and Poor's (S&P) and Fitch Ratings considered the Port Authority's outlook as stable. In January 2011, Moody's Investors Service revised the Port Authority's overall economic outlook from stable to negative.

OBLIGATION	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	AA-	AA-	Aa2
Commercial Paper	A-1+	F1+	P-1

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell or hold any maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on market price. Additional information on Port Authority debt obligations can be found in Note D - Outstanding Obligations and Financing to the consolidated financial statements.

Consolidated Statements of Net Assets

	December 31, 2011	2010
	(In thousands)	
ASSETS		
Current assets:		
Cash	**$ 3,297,365**	$ 2,451,050
Restricted cash	**25,472**	77,167
Investments	**26,290**	250,696
Current receivables, net	**362,875**	342,813
Other current assets	**285,938**	176,514
Restricted receivables and other assets	**46,428**	50,268
Total current assets	**4,044,368**	3,348,508
Noncurrent assets:		
Restricted cash	**7,765**	6,618
Investments	**1,356,269**	1,339,148
Restricted investments - PAICE	**156,356**	139,696
Other amounts receivable, net	**106,989**	239,270
Deferred charges and other noncurrent assets	**1,507,637**	1,435,165
Restricted deferred / other noncurrent assets - PAICE	**13,409**	14,564
Amounts receivable - Special Project Bonds	**1,720,536**	1,780,813
Amounts receivable - Tower 4 Liberty Bonds	**1,249,921**	-
Unamortized costs for regional programs	**620,183**	694,388
Facilities, net	**23,134,288**	20,557,400
Total noncurrent assets	**29,873,353**	26,207,062
Total assets	**33,917,721**	29,555,570
LIABILITIES		
Current liabilities:		
Accounts payable	**818,149**	717,992
Accrued interest and other current liabilities	**759,127**	566,732
Restricted other liabilities - PAICE	**816**	351
Accrued payroll and other employee benefits	**231,657**	198,574
Current portion bonds and other asset financing obligations	**825,919**	972,880
Total current liabilities	**2,635,668**	2,456,529
Noncurrent liabilities:		
Accrued pension and other noncurrent employee benefits	**476,879**	543,747
Other noncurrent liabilities	**311,396**	150,894
Restricted other noncurrent liabilities - PAICE	**46,389**	44,080
Amounts payable - Special Project Bonds	**1,720,536**	1,780,813
Amounts payable - Tower 4 Liberty Bonds	**1,249,921**	-
Bonds and other asset financing obligations	**15,751,041**	13,554,884
Total noncurrent liabilities	**19,556,162**	16,074,418
Total liabilities	**22,191,830**	18,530,947
NET ASSETS	**$ 11,725,891**	$ 11,024,623
Net assets are composed of:		
Invested in capital assets, net of related debt	**$ 10,020,306**	$ 9,200,077
Restricted:		
1 WTC LLC/WTC Retail LLC insurance proceeds	**14,434**	71,732
Passenger Facility Charges	**19,590**	20,779
Port Authority Insurance Captive Entity, LLC	**160,436**	130,360
Minority interest in Tower 1 Joint Venture LLC	**100,000**	-
Unrestricted	**1,411,125**	1,601,675
NET ASSETS	**$ 11,725,891**	$ 11,024,623

See Notes to Consolidated Financial Statements

Consolidated Statements of Revenues, Expenses and Changes in Net Assets

	Year ended December 31, 2011	2010
	(In thousands)	
Gross operating revenues:		
Rentals	**$ 1,150,569**	$ 1,144,709
Tolls and fares	**1,148,061**	1,069,785
Aviation fees	**895,356**	872,774
Parking and other	**339,131**	321,257
Utilities	**154,810**	154,041
Rentals - Special Project Bonds Projects	**112,553**	71,457
Total gross operating revenues	**3,800,480**	3,634,023
Operating expenses:		
Employee compensation, including benefits	**1,037,681**	1,022,195
Contract services	**726,883**	630,438
Rents and amounts in-lieu-of taxes	**280,237**	272,002
Materials, equipment and other	**219,183**	418,639
Utilities	**188,432**	183,826
Interest on Special Project Bonds	**112,553**	71,457
Total operating expenses	**2,564,969**	2,598,557
Net (recoverables) related to the events of September 11, 2001	**-**	(53,051)
Depreciation of facilities	**852,727**	789,011
Amortization of costs for regional programs	**77,537**	76,504
Income from operations	**305,247**	223,002
Non-operating revenues and (expenses):		
Interest income	**54,398**	61,168
Net (decrease) in fair value of investments	**(101,296)**	(56,733)
Interest expense in connection with bonds and other asset financing	**(559,110)**	(501,607)
Net gain on disposition of assets	**-**	-
Pass-through grant program payments	**(11,507)**	(2,166)
4 WTC associated payments	**8,343**	-
Net non-operating expenses	**(609,172)**	(499,338)
Contributions, Passenger Facility Charges and Grants:		
Contributions in aid of construction	**767,010**	358,268
Passenger Facility Charges	**214,456**	210,387
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	42,814
Grants	**23,727**	11,708
Total contributions, passenger facility charges and grants	**1,005,193**	623,177
Increase in net assets	**701,268**	346,841
Net assets, January 1	**11,024,623**	10,677,782
Net assets, December 31	**$ 11,725,891**	$ 11,024,623

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

	Year Ended December 31, 2011	2010
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	$ 3,788,114	$ 3,677,899
Cash received related to the events of September 11, 2001	-	55,675
Cash paid to suppliers	(1,067,026)	(984,824)
Cash paid to or on behalf of employees	(1,097,311)	(1,009,290)
Cash paid to municipalities	(271,706)	(273,781)
Cash payments related to the events of September 11, 2001	-	(3,607)
Net cash provided by operating activities	1,352,071	1,462,072
Cash flows from noncapital financing activities:		
Proceeds from insurance related to the 1 WTC LLC/WTC Retail LLC	-	42,814
Principal paid on noncapital financing obligations	(30,485)	(11,840)
Payments for Fund buy-out obligation	(43,211)	(43,211)
Interest paid on noncapital financing obligations	(217)	(360)
Grants	20,742	11,251
Net cash used for noncapital financing activities	(53,171)	(1,346)
Cash flows from capital and related financing activities:		
Proceeds from sales of capital obligations	2,337,635	1,219,309
Contribution for Tower 1 Joint Venture LLC minority equity interest	100,000	-
Principal paid on capital obligations	(216,748)	(208,157)
Proceeds from capital obligations issued for refunding purposes	1,132,865	2,985,015
Principal paid through capital obligations refundings	(1,132,865)	(2,985,015)
Interest paid on capital obligations	(697,184)	(628,705)
Investment in facilities and construction of capital assets	(2,858,190)	(2,712,821)
Payments for MOTBY obligation	(35,000)	(40,000)
Financial income allocated to capital projects	2,212	3,117
Investment in regional programs	(3,332)	(29,626)
Proceeds from Passenger Facility Charges	215,645	206,751
Contributions in aid of construction	420,671	356,592
Net cash used for capital and related financing activities	(734,291)	(1,833,540)
Cash flows from investing activities:		
Purchase of investment securities	(748,818)	(1,570,286)
Proceeds from maturity and sale of investment securities	930,332	2,423,539
Interest received on investment securities	40,420	48,803
Other interest income	9,224	9,038
Net cash provided by investing activities	231,158	911,094
Net increase in cash	795,767	538,280
Cash at beginning of year	2,534,835	1,996,555
Cash at end of year	$ 3,330,602	$ 2,534,835

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

	Year ended December 31, 2011	2010
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	**$ 305,247**	$ 223,002
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities	**852,727**	789,011
Amortization of costs for regional programs	**77,537**	76,504
Amortization of other assets	**81,462**	265,647
Change in operating assets and operating liabilities:		
Decrease in receivables	**113,308**	118,719
(Increase) in deferred charges and other assets	**(83,332)**	(120,103)
Increase (decrease) in payables	**31,998**	(72,684)
Increase in other liabilities	**33,816**	169,682
(Decrease) increase in accrued payroll, pension and other employee benefits	**(60,692)**	12,294
Total adjustments	**1,046,824**	1,239,070
Net cash provided by operating activities	**$ 1,352,071**	$ 1,462,072

3. Capital obligations:

Consolidated bonds and notes, commercial paper, variable rate master notes, and versatile structure obligations.

4. Noncash investing, capital and financing activities:

Noncash activity of $1,316,035,000 in 2011 and $804,556,000 in 2010 included amortization of discount and premium on consolidated bonds and notes, accretion associated with capital appreciation bonds, and debt service in connection with Special Project Bonds and Tower 4 Liberty Bonds.

Noncash capital financing did not include any activities that required a change in fair value. The existing capital receivable, in connection with the Silverstein net lessees' capital investment associated with WTC Towers 2, 3 and 4, was reduced by $165 million in 2011. As of December 31, 2011, the requisite receivable was fully satisfied. In 2011, the Silverstein net lessees contributed $489 million towards construction of WTC Towers 2, 3 and 4.

The market value of the three unhedged swaps was ($241,877,166) as of December 31, 2011, a decrease of $94 million from December 31, 2010 (see Note D).

See Notes to Consolidated Financial Statements.

Note A – Nature of the Organization and Summary of Significant Accounting Policies

1. Reporting Entity

a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.

b. The Governor of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State.

c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, a law firm retained to address certain Audit Committee matters, and management of the Port Authority. For the year ending December 31, 2011, Deloitte & Touche LLP are serving as independent auditors. On December 8, 2011, the Audit Committee selected KPMG LLP as independent auditors to perform the audit for the year ending December 31, 2012.

d. The consolidated financial statements and schedules include the accounts of The Port Authority of New York and New Jersey and the related entities: Port Authority Trans-Hudson Corporation (PATH), the Newark Legal and Communications Center Urban Renewal Corporation, Port Authority Insurance Captive Entity, LLC (PAICE), WTC Retail LLC, Tower 5 LLC (formerly "1 WTC LLC"), Tower 1 Member LLC, Tower 1 Joint Venture LLC, Tower 1 Holdings LLC, WTC Tower 1 LLC, and New York New Jersey Rail LLC (all collectively referred to as the Port Authority).

2. Basis of Accounting

a. The Port Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues and expenses are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

b. In 2011, the Port Authority adopted Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which requires the Port Authority to follow the pronouncements of the GASB in its accounting and financial reporting. GASB Statement No. 62 supersedes previous guidance contained in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Funds Accounting*. The objective of GASB Statement No. 62 was not to change existing accounting guidance, rather it was to incorporate into GASB authoritative literature certain applicable accounting and financial reporting guidance issued on or before November 30, 1989 by the Financial Accounting Standards Board (FASB) or American Institute of Certified Public Accountants (AICPA), which does not conflict with or contradict GASB pronouncements.

3. Significant Accounting Policies

a. Facilities are carried at cost. The costs for facilities include net interest expense incurred from the date of issuance of the debt to finance construction until the capital project is completed and ready for its intended use. Generally, projects in excess of $100,000 for additions, asset replacements and/or asset improvements that benefit future accounting periods or are expected to prolong the service lives of assets beyond their originally assigned lives are capitalized (see Note B). Facilities do not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see Note H).

b. Depreciation of facilities is computed using the straight-line method during the estimated useful lives of the related assets (see Note B). The useful lives of assets are developed by the various related disciplines in the Port Authority's Engineering Department utilizing past experience, standard industrial expectations, and external sources such as consultants, manufacturers and contractors. Useful lives are reviewed periodically for each specific type of asset class. Asset lives used in the calculation of depreciation are generally as follows:

Buildings, bridges, tunnels and other structures	25 to 100 years
Machinery and equipment	5 to 35 years
Runways, roadways and other paving	7 to 20 years
Utility infrastructure	20 to 40 years

Assets located at facilities leased by the Port Authority from others are depreciated over the lesser of, the remaining term of the facility lease or the asset life stated above.

Costs of regional programs are deferred and amortized on a straight-line basis over the period benefited up to a maximum of 15 years (see Note H). In addition, certain operating costs, which provide benefits for periods exceeding one year, are deferred as a component of deferred charges and amortized over the period benefited.

c. Cash consists of cash on hand and short term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal (NOW) accounts, United States Treasury bills, collateralized time deposits, and money market accounts.

d. Restricted cash is primarily comprised of insurance proceeds of WTC Retail LLC, which are restricted to business interruption and redevelopment expenditures of the entity, PFCs and operating cash restricted for use by PAICE.

e. Statutory reserves held by PAICE are restricted for purposes of insuring certain risk exposures.

f. Inventories are valued using an average cost method which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of "Deferred charges and other noncurrent assets" on the Consolidated Statements of Net Assets.

g. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at Port Authority facilities, and amounts reimbursed for operating activities. Operating expenses include those costs incurred for the operation, maintenance and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.

h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration (FAA) approved airport-related projects. Revenue derived from the collection of PFCs, net of the air carriers' handling charges, is recognized and accrued as non-operating revenue when the passenger activity occurs and the fees are due from the air carriers. PFC revenue applied to eligible capital projects is reflected as a component of "Facilities, net."

i. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives, and may also employ hedging strategies to minimize interest rate risk and enters into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements, United States Treasury and municipal bond futures contracts (see Note C) and swaps (see Note D).

j. When issuing new debt for refunding purposes, the difference between the acquisition price of the new debt and the net carrying amount of the refunded debt is deferred and amortized using the straight-line method as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

k. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

l. In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 is effective for financial statements for periods beginning after December 15, 2011. The Port Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 63, and therefore, is unable to disclose the impact that adopting this statement will have on its financial position and results of operations.

4. Reconciliation of the Consolidated Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Port Authority Bond Resolutions

Schedules A, B and C, which follow the Required Supplementary Information section of this report, have been prepared in accordance with Port Authority bond resolutions which differ in some respects from accounting principles that are generally accepted in the United States of America, as follows:

a. The revenues and expenses of facilities are accounted for in the operating fund. The financial resources expended for the construction or acquisition of major facilities or improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.

b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than the depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and the reserves of the Port Authority or their application as provided in the Port Authority's bond resolutions. Instead, facility capital costs are provided for through deductions from net revenues and reserves of amounts equal to principal payments on debt or through direct investment in facilities. These amounts are credited at par to "Facility infrastructure investment" on Schedule B – Assets and Liabilities.

c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

d. Capital costs for regional programs are included in "Invested in facilities" in accordance with Port Authority bond resolutions.

e. Consolidated bonds and notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Discounts and premiums associated with bonds issued in connection with capital investment are capitalized at issuance and are included in "Invested in facilities."

f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the cost of assets removed from service is not deducted from "Invested in facilities." However, in the event of the sale of assets removed from service or recovery of amounts related to assets destroyed or damaged, the amount of proceeds received from such sale or recovery is deducted from "Invested in facilities."

g. Contributed capital amounts resulting from non-monetary voluntary non-exchange transactions are included in "Invested in Facilities" and credited to "Facility Infrastructure Investment" at the capital assets fair value.

Notes to the Consolidated Financial Statements (continued)

A reconciliation of the Consolidated Statements of Net Assets to Schedule B and the Consolidated Statements of Revenues, Expenses and Changes in Net Assets to Schedule A follows:

Consolidated Statements of Net Assets to Schedule B – Assets and Liabilities

	December 31, **2011**	December 31, 2010
	(In thousands)	
Net assets reported on Consolidated Statements of Net Assets	**$ 11,725,891**	$ 11,024,623
Add: Accumulated depreciation of facilities	**10,673,443**	9,906,100
Accumulated retirements and gains and losses on disposal of invested in facilities	**1,968,943**	1,883,559
Cumulative amortization of costs for regional programs	**1,145,917**	1,068,380
Cumulative amortization of discount and premium	**75,184**	70,308
Subtotal	**13,863,487**	12,928,347
Less: Deferred income - 1 WTC LLC/WTC Retail LLC insurance proceeds	**14,434**	71,732
Restricted Net Revenues - PAICE	**1,946**	2,590
Deferred income in connection with PFCs	**19,590**	20,779
Subtotal	**35,970**	95,101
Total	**$ 25,553,408**	$ 23,857,869
Net assets reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)	**$ 25,553,408**	$ 23,857,869

Consolidated Statements of Revenues, Expenses and Changes in Net Assets to Schedule A – Revenues and Reserves

	Year ended December 31, 2011	2010
	(In thousands)	
Increase in net assets reported on Consolidated Statements of Revenues, Expenses and Changes in Net Assets	$ **701,268**	$ 346,841
Add: Depreciation of facilities	**852,727**	789,011
Application of 1 WTC LLC/WTC Retail LLC insurance proceeds	**57,340**	61,468
Application of PFCs	**215,645**	207,122
Amortization of costs for regional programs	**77,537**	76,504
Amortization of discount and premium	**4,876**	5,647
Restricted Net Revenues - PAICE	**644**	-
Decrease in appropriations for self-insurance	**1,949**	-
Subtotal	**1,210,718**	1,139,752
Less: Debt maturities and retirements	**140,390**	178,095
Debt retirement acceleration	**6,100**	-
Repayment of asset financing obligations	**20,258**	30,062
Non-monetary capital contributions	**279,714**	-
Direct investment in facilities	**742,001**	1,375,008
PFCs	**214,456**	210,387
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	42,814
1 WTC LLC/WTC Retail LLC interest income	**43**	136
Restricted Net Revenues - PAICE	**-**	102
PFC interest income/Fair Value Adjustment	**-**	2
Increase in appropriations for self-insurance	**-**	3,971
Subtotal	**1,402,962**	1,840,577
Total	$ **509,024**	$ (353,984)
Increase (decrease) in reserves reported on Schedule A - Revenues and Reserves (pursuant to Port Authority bond resolutions)	$ **509,024**	$ (353,984)

Note B - Facilities, Net

1. Facilities, net is comprised of the following:

	Beginning of Year	Additions / (Dispositions)	Transfers	Retirements	End of Year
			(In thousands)		
2011					
Capital assets not being depreciated:					
Land	$ 1,108,399	$ -	$ (48,239)	$ -	$ 1,060,160
Construction in progress	7,099,813	3,429,615	(2,057,621)		8,471,807
Total capital assets not being depreciated	8,208,212	3,429,615	(2,105,860)	-	9,531,967
Other capital assets:					
Buildings, bridges, tunnels, other structures	7,958,041		660,026	(1,217)	8,616,850
Machinery and equipment	6,814,568		1,068,009	(71,384)	7,811,193
Runways, roadways and other paving	4,153,343		118,725	(1,925)	4,270,143
Utility infrastructure	3,329,336		259,100	(10,858)	3,577,578
Other capital assets	22,255,288	-	2,105,860	(85,384)	24,275,764
Less accumulated depreciation:					
Buildings, bridges, tunnels, other structures	3,257,439	210,328		(1,217)	3,466,550
Machinery and equipment	3,071,637	345,745		(71,384)	3,345,998
Runways, roadways and other paving	2,099,119	162,561		(1,925)	2,259,755
Utility infrastructure	1,477,905	134,093		(10,858)	1,601,140
Accumulated depreciation	9,906,100	852,727	-	(85,384)	10,673,443
Total other capital assets, net	12,349,188	(852,727)	2,105,860	-	13,602,321
Facilities, net	$ 20,557,400	$ 2,576,888	$ -	$ -	$ 23,134,288
2010					
Capital assets not being depreciated:					
Land	$ 928,515	$ -	$ 179,884	$ -	$ 1,108,399
Construction in progress	5,910,282	2,948,055	(1,758,524)		7,099,813
Total capital assets not being depreciated	6,838,797	2,948,055	(1,578,640)	-	8,208,212
Other capital assets:					
Buildings, bridges, tunnels, other structures	7,640,036		343,562	(25,557)	7,958,041
Machinery and equipment	6,167,217		729,315	(81,964)	6,814,568
Runways, roadways and other paving	3,972,380		186,792	(5,829)	4,153,343
Utility infrastructure	3,014,031		318,971	(3,666)	3,329,336
Other capital assets	20,793,664	-	1,578,640	(117,016)	22,255,288
Less accumulated depreciation:					
Buildings, bridges, tunnels, other structures	3,067,753	215,243		(25,557)	3,257,439
Machinery and equipment	2,859,650	293,951		(81,964)	3,071,637
Runways, roadways and other paving	1,948,768	156,180		(5,829)	2,099,119
Utility infrastructure	1,357,934	123,637		(3,666)	1,477,905
Accumulated depreciation	9,234,105	789,011	-	(117,016)	9,906,100
Total other capital assets, net	11,559,559	(789,011)	1,578,640	-	12,349,188
Facilities, net	$ 18,398,356	$ 2,159,044	$ -	$ -	$ 20,557,400

2. Net interest expense added to the cost of facilities was $217 million in 2011 and $184 million in 2010.

3. As of December 31, 2011, approximately $54.4 million in projects have been suspended pending determination of their continued viability.

4. During 2011, the impact on depreciation accelerated for runways, roadways and other paving totaled $3.2 million.

Note C - Cash and Investments

1. The components of cash and investments are:

	December 31, 2011	December 31, 2010
	(In thousands)	
CASH		
Cash on hand	$ 2,331	$ 1,197
Cash equivalents	3,328,271	2,533,638
Total cash	3,330,602	2,534,835
Less restricted cash	33,237	83,785
Unrestricted cash	$ 3,297,365	$ 2,451,050

	December 31, 2011			December 31, 2010
	(In thousands)			
PORT AUTHORITY INVESTMENTS AT FAIR VALUE				
	Port Authority	PAICE	Total	Total
United States Treasury notes	$ 947,317	$ 80,457	$1,027,774	$843,783
United States Treasury bonds	-	32,624	32,624	33,793
United States Treasury bills	26,290	-	26,290	250,696
United States government agency obligations	-	42,100	42,100	40,083
Corporate Bonds *	267,223	-	267,223	405,861
JFK International Air Terminal LLC obligations	129,274	-	129,274	139,288
Other governmental obligations	7,084	-	7,084	7,833
Accrued interest receivable	5,371	1,175	6,546	8,203
Total investments	1,382,559	156,356	1,538,915	1,729,540
Less current investments	26,290	-	26,290	250,696
Noncurrent investments	$ 1,356,269	$ 156,356	$1,512,625	$ 1,478,844

* Guaranteed by the Federal Deposit Insurance Corporation under the Temporary Liquidity Guarantee Program, rated Aaa by Moody's Investors Service and AA+ by Standard & Poors.

2. Port Authority policy provides for funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum market value of 110% of average daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation (FDIC). Actual daily balances may differ from the average daily balances. The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of $1 million.

Total actual bank balances excluding amounts held by third party trustees were $2.7 billion as of December 31, 2011. Of that amount, $341 million was secured through the basic FDIC deposit insurance coverage for interest bearing accounts or was secured through the FDIC unlimited deposit insurance coverage for "noninterest bearing transaction accounts." The balance of $2.4 billion was fully collateralized with collateral held by a third party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name. In addition, approximately $14 million related to restricted insurance proceeds for WTC Retail LLC is being held by a third party escrow agent and, with the exception of current cash on hand to meet expenditures, is invested in United States Treasury securities.

3. The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its related entities, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions (including repurchase and reverse repurchase agreement transactions) are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions.

Proceeds of "Bonds and other asset financing obligations" may be invested, on an interim basis, in conformance with applicable Federal laws and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time deposit accounts. Consolidated Bond Reserve Fund and General Reserve Fund amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the Consolidated Bond Reserve Fund and the General Reserve Fund (subject to certain limitations) may be invested in obligations of the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund. Operating funds may be invested in various items including (a) direct obligations of the United States of America, obligations

of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; (b) investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; (c) commercial paper having only the highest short-term ratings separately issued by two nationally recognized rating agencies; (d) United States Treasury and municipal bond futures contracts; (e) certain interest rate exchange contracts with banks and investment firms; (f) certain interest rate options contracts that are limited to $50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities; and (g) certain unrated obligations of JFKIAT LLC (presently comprising approximately 9.4% of total Port Authority investments at December 31, 2011) for certain costs attributable to the completion of Terminal 4 (JFKIAT). The Board has from time to time authorized other investments of operating funds.

It is the general policy of the Port Authority to limit exposure to declines in fair market values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the Chief Financial Officer. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The following is the fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2011:

PA Investment Type	Fair Value (In thousands)	Weighted Average Maturity (In days)
United States Treasury notes	$ 947,317	677
United States Treasury bills	26,290	71
Corporate Bonds	267,223	169
JFK International Air Terminal LLC obligations	129,274	4,980
Other governmental obligations	7,084	959
Total fair value of investments*	$ 1,377,188	
Investments weighted average maturity		972

* Excludes accrued interest receivable amounts of $5.4 million.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the market value of the

underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2011.

4. The investment policies of PAICE have been established and approved by the PAICE Board of Directors, which is comprised of Port Authority executive staff. Consistent with the Port Authority Board of Commissioners' authorization with respect to the establishment of PAICE as a wholly owned entity of the Port Authority, PAICE provides the Port Authority Board of Commissioners' Committee on Finance with periodic updates on PAICE's investment activities.

Under PAICE's investment policies, eligible investments include money market demand accounts of commercial banks, not to exceed bank deposit insurance limits, and/or taxable or tax-exempt money market mutual funds that offer daily purchase and redemption while maintaining a constant share price and whose fund assets are primarily United States Treasury notes and bonds and whose assets are more than $1 billion. Other investments include: United States Treasury securities and United States government agency obligations, AAA rated tax-exempt general obligation issues of states, and U.S. dollar denominated corporate debt rated AA or above.

The following is the fair value and weighted average maturity of investments held by PAICE at December 31, 2011:

PAICE Investment Type	Fair Value (In thousands)	Weighted Average Maturity (In days)
United States Treasury notes	$ 80,457	632
United States Treasury bonds	32,624	182
United States government agency obligations	42,100	330
Total fair value of investments*	$155,181	
Investments weighted average maturity		456

* Excludes accrued interest receivable amounts of $1.2 million.

Note D - Outstanding Obligations and Financing

Obligations noted with (*) throughout Note D-1 and D-2 are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended, with respect to individuals and corporations. Obligations noted with (**) are subject to federal taxation.

D-1. Outstanding bonds and other asset financing obligations

	December 31, 2011		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Notes	$ 205,410	$15,364,335	$15,569,745
B. Commercial Paper Notes	396,155	-	396,155
C. Variable Rate Master Notes	77,900	-	77,900
D. Versatile Structure Obligations	-	-	-
E. Port Authority Equipment Notes	68,160	-	68,160
F. Fund Buy-Out Obligation	51,213	308,646	359,859
G. MOTBY Obligation	27,081	78,060	105,141
H. Tower 4 Liberty Bonds	-	1,249,921	1,249,921
	$ 825,919	$17,000,962	$17,826,881

	December 31, 2010		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Notes	$ 190,390	$13,119,246	$13,309,636
B. Commercial Paper Notes	354,280	-	354,280
C. Variable Rate Master Notes	77,900	-	77,900
D. Versatile Structure Obligations	175,200	-	175,200
E. Port Authority Equipment Notes	98,645	-	98,645
F. Fund Buy-Out Obligation	43,211	330,496	373,707
G. MOTBY Obligation	33,254	105,142	138,396
	$ 972,880	$13,554,884	$14,527,764

Notes to Consolidated Financial Statements (continued)

Note D - Outstanding Obligations and Financing (continued)

A. Consolidated Bonds and Notes

		Dec. 31, 2010	Issued/ Accreted	Refunded/ Retired	Dec. 31, 2011
			(In thousands)		
Consolidated bonds and notes					
Sixty-ninth series	Due 2011	$ 3,881	$ 119	$ 4,000	$ -
Seventy-fourth series (a)	Due 2012-2014	15,507	497	4,155	11,849
Eighty-fifth series	5.2%-5.375% due 2012-2028	90,000	-	3,000	87,000
Eighty-sixth series	5.2% due 2012	8,005	-	4,150	3,855
Ninety-third series	6.125% due 2094	100,000	-	-	100,000
One hundred third series	5.25% due 2012-2014	26,135	-	6,240	19,895
One hundred thirteenth series	4.75% due 2012-2013	15,750	-	5,250	10,500
One hundred sixteenth series	4.25%-5.25% due 2012-2033	402,645	-	10,495	392,150
One hundred seventeenth series*	4.75%-5.125% due 2012-2018	50,110	-	50,110	-
One hundred twenty-second series*	5%-5.5% due 2012-2036	165,030	-	165,030	-
One hundred twenty-fourth series*	4.75%-5% due 2012-2036	214,145	-	11,685	202,460
One hundred twenty-fifth series	5% due 2018-2032	300,000	-	-	300,000
One hundred twenty-sixth series*	5%-5.5% due 2012-2037	211,480	-	13,065	198,415
One hundred twenty-seventh series*	5%-5.5% due 2012-2037	230,470	-	10,165	220,305
One hundred twenty-eighth series	4.75%-5% due 2012-2032	236,210	-	3,935	232,275
One hundred twenty-ninth series	3.5%-4% due 2012-2015	35,790	-	6,075	29,715
One hundred thirtieth series	3.5%-3.75% due 2012-2015	38,230	-	7,145	31,085
One hundred thirty-first series*	4.625%-5% due 2012-2033	441,100	-	9,205	431,895
One hundred thirty-second series	5% due 2024-2038	300,000	-	-	300,000
One hundred thirty-third series	3.25%-4.4% due 2012-2021	167,680	-	15,500	152,180
One hundred thirty-fourth series	4%-5% due 2012-2039	244,500	-	2,970	241,530
One hundred thirty-fifth series	4.5%-5% due 2024-2039	400,000	-	-	400,000
One hundred thirty-sixth series*	5%-5.5% due 2012-2034	342,290	-	2,570	339,720
One hundred thirty-seventh series*	4%-5.5% due 2012-2034	230,585	-	3,935	226,650
One hundred thirty-eighth series*	4.25%-5% due 2012-2034	334,750	-	7,310	327,440
One hundred thirty-ninth series*	4%-5% due 2012-2025	161,105	-	8,570	152,535
One hundred fortieth series	4.125%-5% due 2016-2035	400,000	-	-	400,000
One hundred forty-first series*	4.5%-5% due 2016-2035	350,000	-	-	350,000
One hundred forty-second series	4%-5% due 2015-2036	350,000	-	-	350,000
One hundred forty-third series*	5% due 2016-2036	500,000	-	-	500,000
One hundred forty-fourth series	4.25%-5% due 2026-2035	300,000	-	-	300,000
One hundred forty-fifth series**	5.75% due 2027-2032	250,000	-	-	250,000
One hundred forty-sixth series*	4.25%-5% due 2016-2036	500,000	-	-	500,000
One hundred forty-seventh series*	4.75%-5% due 2017-2037	450,000	-	-	450,000
One hundred forty-eighth series	5% due 2015-2037	500,000	-	-	500,000
One hundred forty-ninth series	4%-5% due 2017-2037	400,000	-	-	400,000
One hundred fiftieth series**	4.125%-6.4% due 2013-2027	350,000	-	-	350,000
One hundred fifty-first series*	5.25%-6% due 2019-2035	350,000	-	-	350,000
One hundred fifty-second series*	4.75%-5.75% due 2018-2038	400,000	-	-	400,000
One hundred fifty-third series	4%-5% due 2018-2038	500,000	-	-	500,000
One hundred fifty-fourth series	3%-5% due 2012-2029	96,190	-	3,855	92,335
One hundred fifty-fifth series	1.75%-3.5% due 2012-2019	73,700	-	12,000	61,700
One hundred fifty-sixth series	4%-5% due 2025-2039	100,000	-	-	100,000
One hundred fifty-seventh series**	5.309% due 2019	150,000	-	-	150,000
One hundred fifty-eighth series**	5.859% due 2024	250,000	-	-	250,000
One hundred fifty-ninth series**	6.04% due 2029	350,000	-	-	350,000
One hundred sixtieth series	4%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-first series	4.25%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-second series	1.25%-3.3% due 2012-2020	105,090	-	18,020	87,070
One hundred sixty-third series	2.5%-5% due 2017-2040	400,000	-	-	400,000
One hundred sixty-fourth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-fifth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-sixth series	5%-5.25% due 2030-2041	-	300,000	-	300,000
One hundred sixty-seventh series*	3%-5.50% due 2012-2028	-	225,000	-	225,000
One hundred sixty-eighth series**	4.926% due 2051	-	1,000,000	-	1,000,000
One hundred sixty-ninth series*	3%-5% due 2012-2041	-	400,000	-	400,000
One hundred seventieth series (b)	5%-5.25% due 2041 & 2043	-	672,480	-	672,480
Consolidated bonds and notes pursuant to Port Authority bond resolutions		13,340,378	$ 2,598,096	$ 388,435	15,550,039
Less unamortized discount and (premium) (c)		30,742			(19,706)
Consolidated bonds and notes (d)		$ 13,309,636			$ 15,569,745

NOTE: See page 36 for explanations of footnotes (a-d) concerning Consolidated Bonds and Notes.

Note D - Outstanding Obligations and Financing (continued)

A. Consolidated Bonds and Notes (continued from previous page)

(a) Includes $2,908,000 serial bonds issued on a capital appreciation basis; the only payments with respect to these bonds will be made at their respective maturities, ranging from years 2012 to 2014, in the total maturity amount of $12,465,000.

(b) The entire series was acquired by the New York Liberty Development Corporation in connection with its issuance of the New York Liberty Development Corporation Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds).

(c) Amount includes the unamortized difference between acquisition price and carrying amount on refunded debt.

(d) Debt service requirements to maturity for Consolidated Bonds outstanding on December 31, 2011 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2012	$ 205,410	$ 773,856	$ 979,266
2013	227,090	765,524	992,614
2014	248,530	755,834	1,004,364
2015	262,945	744,102	1,007,047
2016	290,355	731,688	1,022,043
2017-2021	1,976,940	3,400,922	5,377,862
2022-2026	2,560,490	2,845,875	5,406,365
2027-2031	3,384,600	2,116,799	5,501,399
2032-2036	3,192,595	1,235,073	4,427,668
2037-2041	1,729,220	592,068	2,321,288
2042-2046	372,480	305,455	677,935
2047-2051	1,000,000	166,090	1,166,090
2052-2094***	100,000	234,996	334,996
	$15,550,655	$14,668,282	$30,218,937

***Debt service for the years 2052-2094 reflects principal and interest payments associated with Consolidated Bonds Ninety-third Series.

Total principal of $15,550,655,000 shown above differs from the total consolidated bonds pursuant to Port Authority bond resolutions of $15,550,039,000 because of differences in the par value at maturity of the capital appreciation bonds Seventy-fourth Series of $616,000.

As of December 31, 2011, the Board of Commissioners had authorized the issuance of Consolidated Bonds, One Hundred Sixty-second Series through One Hundred Seventy-sixth Series, in the aggregate principal amount of up to $500 million of each series, and Consolidated Notes, Series ZZ, AAA, BBB, CCC and DDD, of up to $300 million in aggregate principal amount of each series. To the extent any of Consolidated Bonds,

Note D - Outstanding Obligations and Financing (continued)

One Hundred Sixty-eighth Series through Consolidated Bonds, One Hundred Seventy-sixth Series are issued and sold solely for purposes of capital expenditures in connection with One World Trade Center, the retail components of the WTC site and other WTC site-wide infrastructure, such series may be issued and sold without limit as to principal amounts and term to maturity, provided that the total aggregate principal amount of all of such series (regardless of the purpose for issuance) shall not be in excess of $4.5 billion.

During 2011, the Port Authority used the proceeds of consolidated bonds to refund $198 million of consolidated bonds, $169.1 million of versatile structure obligations and $118.4 million of commercial paper notes. The economic gain resulting from the debt refunding (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) totaled approximately $25.8 million in present value savings to the Port Authority.

Consolidated bonds outstanding as of February 24, 2012 (pursuant to Port Authority bond resolutions) totaled $15,950,039,000.

B. Commercial Paper Notes

Commercial paper obligations are issued to provide interim financing for authorized projects at Port Authority facilities and may be outstanding until December 31, 2015. The maximum aggregate principal amount that may be outstanding at any one time is $300 million for Series A and $200 million for Series B. Commercial paper obligations are issued without third party provider support for payment at their maturity dates.

	Dec. 31, 2010	Issued	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Series A*	$208,815	$563,740	$564,820	$207,735
Series B	145,465	412,960	370,005	188,420
	$354,280	$976,700	$934,825	$396,155

Interest rates for all commercial paper notes ranged from 0.11% to 0.36% in 2011.

As of February 24, 2012, commercial paper notes outstanding totaled $390,135,000.

Note D - Outstanding Obligations and Financing (continued)

C. Variable Rate Master Notes

Variable rate master notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $400 million.

	Dec. 31, 2010	Issued	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Agreements 1989 -1995*	$44,900	$ -	$ -	$44,900
Agreements 1989 -1998	33,000	-	-	33,000
	$77,900	$ -	$ -	$77,900

Interest rates are determined weekly, based upon a spread added to a specific industry index (the Securities Industry and Financial Markets Association rate) as stated in each master note agreement, and ranged from 0.12% to 0.42% in 2011.

Debt service requirements on outstanding variable rate master notes, valued for presentation purposes at the rate in effect on December 31, 2011, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2012	$ -	$ 131	$ 131
2013	-	130	130
2014	-	130	130
2015	-	130	130
2016	-	131	131
2017-2021	25,000	628	25,628
2022-2025	52,900	140	53,040
	$77,900	$1,420	$79,320

Variable rate master notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

Note D - Outstanding Obligations and Financing (continued)

D. Versatile Structure Obligations

	Dec. 31, 2010	Issued	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Series 1R*	$ 92,800	$ -	$ 92,800	$ -
Series 4*	82,400	-	82,400	-
	$175,200	$ -	$175,200	$ -

Variable interest rates, set daily by the remarketing agent for Versatile Structure Obligations Series 1R and 4, ranged from 0.14% to 0.50% in 2011. Versatile Structure Obligations Series 1R and 4 were refunded in their entirety on April 29, 2011 through a combination of Consolidated Bond proceeds and net revenues deposited into the Consolidated Bond Reserve Fund.

The Port Authority had entered into a separate standby certificate purchase agreement for Versatile Structure Obligations with certain banks, which terminated on April 29, 2011. Bank commitment fees during 2011 in connection with these agreements were approximately $136,000.

E. Port Authority Equipment Notes

Equipment notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $250 million.

	Dec. 31, 2010	Issued	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Notes 2004, 2006, 2008*	$ 4,380	$ -	$ 1,745	$ 2,635
Notes 2004, 2006, 2008	94,265	-	28,740	65,525
	$98,645	$ -	$30,485	$68,160

Variable interest rates, set weekly by a remarketing agent for each series, ranged from 0.13% to 0.48% in 2011.

Annual debt service requirements on outstanding Port Authority equipment notes, valued for presentation purposes at the rate in effect on December 31, 2011, would be as follows:

Note D - Outstanding Obligations and Financing (continued)

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2012	$18,595	$ 107	$18,702
2013	2,640	80	2,720
2014	15,425	56	15,481
2015	31,500	10	31,510
	$68,160	$ 253	$68,413

The Port Authority has entered into agreements with the purchasers of the notes stating that on seven days notice on any business day during the term of the agreements, the Port Authority may prepay in whole, or, from time to time, in part, without penalty or premium, the outstanding principal amount of the notes. Also, the purchasers can tender the notes back to the remarketing agent on seven days notice, in whole and not in part. In the event that the remarketing agent cannot resell the notes, notice shall be given by the remarketing agent to the Port Authority requesting the Port Authority to pay the purchase price of the notes.

F. Fund Buy-Out Obligation

	Dec. 31, 2010	Accretion (a)	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Obligation outstanding	$373,707	$29,363	$43,211	$359,859

(a) Represents the annual implicit interest cost (8.25%) contained in the present value of amounts due to the States of New York and New Jersey upon the termination, in 1990, of the Fund for Regional Development.

Payment requirements of the fund buy-out obligation outstanding, including the implicit interest cost, on December 31, 2011 are as follows:

Year ending December 31:	Payments
	(In thousands)
2012	$ 51,213
2013	51,212
2014	51,214
2015	51,212
2016	51,212
2017-2021	266,452
	$522,515

As of February 24, 2012, the fund buy-out obligation outstanding totaled $364,336,543.

Note D - Outstanding Obligations and Financing (continued)

G. MOTBY Obligation

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority (BLRA) for $235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port Authority Marine Terminal for future marine terminal purposes. The $235 million total purchase price is payable to the BLRA in twenty-four annual installment payments (2010-2033). Accordingly, the total purchase price of $235 million was discounted to a present value of $178.4 million at an implicit interest rate of 5.25% and recognized as an asset financing obligation in 2010.

	Dec. 31, 2010	Accretion (a)	Refunded/ Repaid	Dec. 31, 2011
		(In thousands)		
Obligation outstanding	$138,396	$1,745	$35,000	$105,141

(a) Represents the annual implicit interest cost (5.25%) contained in the present value of amounts due the BLRA.

Payment requirements for the MOTBY obligation outstanding, including the implicit interest cost, on December 31, 2011 are as follows:

Year ending December 31:	Payments
	(In thousands)
2012	$ 30,000
2013	30,000
2014	5,000
2015	5,000
2016	5,000
2017-2021	25,000
2022-2026	25,000
2027-2031	25,000
2032-2033	10,000
	$160,000

Note D - Outstanding Obligations and Financing (continued)

H. Tower 4 Liberty Bonds

In connection with the issuance of the Tower 4 Liberty Bonds by the New York Liberty Development Corporation on November 15, 2011, the Port Authority entered into a Tower 4 Bond Payment Agreement with Tower 4 Trustee to make, as a co-borrower/ obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project), debt service payments of principal and interest under the bonds as a special obligation of the Port Authority to the trustee during the term of the agreement, from May 11, 2012 through November 15, 2051.

	Dec. 31, 2010	Issued	Repaid/ Amortized	Dec. 31, 2011
			(In thousands)	
Series 2011	$ -	$1,225,520	$ -	$1,225,520
Add: unamortized premium	-	24,479	78	24,401
Total Tower 4 Liberty Bonds	$ -	$1,249,999	$ 78	$1,249,921

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds on December 31, 2011, would be as follows:

Year ending December 31:	Principal	Interest (a)	Debt Service
		(In thousands)	
2012	$ -	$ 65,293	$ 65,293
2013	-	65,293	65,293
2014	-	65,293	65,293
2015	-	65,293	65,293
2016	-	65,293	65,293
2017-2021	-	326,467	326,467
2022-2026	-	326,467	326,467
2027-2031	140,180	313,132	453,312
2032-2036	179,025	274,287	453,312
2037-2041	228,840	224,472	453,312
2042-2046	292,955	160,354	453,309
2047-2051	384,520	68,799	453,319
	$1,225,520	$2,020,443	$3,245,963

(a) Excludes estimated fixed rent payments of $576.6 million by the City of New York directly payable to the Tower 4 Liberty Bond trustee pursuant to the City of New York's Tower 4 space lease.

Note D - Outstanding Obligations and Financing (continued)

D-2. Amounts Payable - Special Project Bonds

Neither the full faith and credit of the Port Authority, nor the General Reserve Fund, nor the Consolidated Bond Reserve Fund are pledged to the payment of the principal and interest on special project bonds. Principal and interest on each series of special project bonds are secured solely by a mortgage by the Port Authority of facility rental (to the extent received by the Port Authority from a lessee) as set forth in a lease with respect to a project to be financed with the proceeds of the bonds of such series, by a mortgage by the lessee of its leasehold interest under the lease and by a security interest granted by the lessee to the Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

	Dec. 31, 2010	Issued	Repaid/ Amortized	Dec. 31, 2011
		(In thousands)		
Series 2, Continental Airlines, Inc. and Eastern Air Lines, Inc. Project (a)*				
9.125% due 2012-2015	$ 94,775	$ -	$15,795	$ 78,980
Less: unamortized discount and premium	2,392	-	486	1,906
Total - Series 2	92,383	-	15,309	77,074
Series 4, KIAC Partners Project (b)*				
6.75% due 2012-2019	150,500	-	13,500	137,000
Less: unamortized discount and premium	1,675	-	191	1,484
Total - Series 4	148,825	-	13,309	135,516
Series 6, JFKIAT Project (c)*				
5.75%-7% due 2012-2025	761,590	-	32,410	729,180
Less: unamortized discount and premium	5,006	-	336	4,670
Total - Series 6	756,584	-	32,074	724,510
Series 8, JFKIAT Project (d)				
5%-6.5% due 2018-2042	796,280	-	-	796,280
Less: unamortized discount and premium	13,259	-	415	12,844
Total - Series 8	783,021	-	(415)	783,436
Amounts payable - Special Project Bonds	$1,780,813	$ -	$60,277	$1,720,536

(a) Special project bonds, Series 2, Continental Airlines, Inc. and Eastern Air Lines, Inc. Project, were issued in connection with a project that included the construction of a passenger terminal at LGA leased to and to be occupied by Continental and Eastern. The leasehold interest of Eastern was

Note D - Outstanding Obligations and Financing (continued)

assigned to Continental. Continental's leasehold interest in such passenger terminal, including the previously acquired leasehold interest of Eastern, was subsequently assigned to USAir, Inc. (with Continental to remain liable under both underlying leases).

(b) Special project bonds, Series 4, KIAC Partners Project, were issued to refund Special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

(c) Special project bonds, Series 6, JFKIAT Project, were issued in connection with a project that included the development and construction of a new passenger terminal at JFK.

(d) Special project bonds, Series 8, JFKIAT Project, were issued in December 2010 in connection with a project that included the expansion of Terminal 4 at JFK.

D-3. Interest Rate Exchange Contracts (Swaps)

The Port Authority records interest rate exchange contract payments pursuant to the settlement method of accounting whereby cash paid or received under the terms of the swap is charged or credited to the related interest expense account for the purpose of managing interest rate exposure. Each swap transaction involves the exchange of fixed and variable rate interest payment obligations with respect to an agreed upon nominal principal amount called a "notional amount."

Objective

The Port Authority's financial management program provides for the Port Authority to enter into interest rate swaps for the purpose of managing and controlling interest rate risk in connection with Port Authority obligations designated at the time of entering into interest rate swap transactions. The notional amounts of the swaps are designed to match the principal amount of the associated debt. The Port Authority's swap agreements contain scheduled reductions to outstanding notional amounts to approximately follow scheduled reductions of the associated debt.

As of December 31, 2011, the Port Authority had three pay-fixed, receive variable rate interest rate swaps. Two of these swaps were entered into in anticipation of the issuance of future variable interest rate versatile structure obligations in July and August 2008, respectively; however, due to unfavorable market conditions, these obligations were not issued, and the swaps remain unhedged. The third remaining swap became unhedged when the corresponding variable rate obligation was refunded in 2008 (Versatile Structure Obligations, Series 8). To mitigate the impacts of unfavorable market conditions, in the second quarter of 2009, the Port Authority amended the three unhedged swap agreements to defer periodic interest rate exchange contract payments until the last quarter of 2010. Periodic interest rate exchange contract payments resumed on these three unhedged swaps in October and November 2010, respectively. Periodic interest rate payments associated with the three unhedged swaps totaled $27.5 million in 2011.

Note D - Outstanding Obligations and Financing (continued)

The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2011, are as follows:

Associated Debt	Notional Amount	Original Execution Date	Current Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Ratings of the Counterparty (a)
Unhedged	$224,000,000	6/15/2006	10/1/2010(b)	4.510%	70% of three-month LIBOR(c)	$ (78,469,798)	10/1/2035	BBB+/ Baa1/A+
Unhedged	187,100,000	6/15/2006	10/1/2010(b)	4.450%	70% of three-month LIBOR(c)	(67,829,026)	7/1/2036	AA-/Aa3/A+
Unhedged	236,100,000	6/15/2006	11/1/2010(d)	4.408%	70% of one-month LIBOR(c)	(95,578,342)	8/1/2038	AA-/Aa1/AA
Total	$647,200,000					$(241,877,166)		

(a) Ratings supplied by Standard & Poor's/Moody's Investors Service/Fitch Ratings, respectively
(b) Swap agreement amended April 2, 2009
(c) London Interbank Offered Rate Index
(d) Swap agreement amended May 22, 2009

Fair Value

Interest rates have generally declined since the execution date of the swaps. As a result, all three swaps had a negative fair value totaling $242 million as of December 31, 2011. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives,* changes in the fair value of investment derivative instruments (unhedged) have been recognized as a change to investment income on the Consolidated Statements of Revenues, Expenses and Changes in Net Assets. The fair value of the three outstanding investment derivatives (unhedged) decreased $94 million from December 31, 2010 to December 31, 2011.

Credit Risk

As of December 31, 2011, the Port Authority was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values. Should interest rates change and the fair values of the swaps become positive, the Port Authority would be exposed to credit risk in the amount of the swaps' fair value. However, the Port Authority has limited protection from credit risk of the counterparties since the outstanding swap agreements require collateral to be posted for the swaps under certain conditions. If the outstanding ratings of the Port Authority or the counterparty (or its credit support provider) fall to a certain level, then the party whose rating is affected is required to post collateral with a third party custodian to secure termination payments above threshold amounts. Collateralization of the fair value of the swaps, above certain threshold amounts, is required should the Port Authority's highest credit rating fall below Baa1, as issued by Moody's Investors Service, or BBB+, as issued by Standard & Poor's and Fitch Ratings. Collateralization of the fair value of the swaps, above certain

threshold amounts, is required should the counterparty's, or its credit support provider's, highest credit rating fall below A1, as issued by Moody's Investors Service, or A+, as issued by Standard & Poor's and Fitch Ratings. Collateral on all swaps shall consist of direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America (including cash). All of the swap agreements provide that an early termination date may be designated if an event of default occurs. The three swap transactions currently outstanding are held by three different counterparties.

Basis Risk

The Port Authority would be exposed to basis risk if the variable rate received under the swap varied from the variable payments for the associated floating rate debt obligations. Since the swaps are not associated with any debt obligations, the Port Authority is currently not exposed to basis risk.

Termination Risk

The Port Authority or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement. Additionally, the Port Authority has the option to terminate, cancel or cash settle any of the three swaps, in whole or in part, at its discretion. As part of the 2009 amendments to the unhedged swap agreements previously described, two of the swap counterparties were granted the option to early terminate, cancel or cash settle their respective swaps, in whole or in part, beginning in 2012, at their discretion. However, if at the time of termination the swap has a negative fair value, the Port Authority would be liable to the counterparty for a termination payment.

Rollover Risk

The Port Authority would be exposed to rollover risk if the swaps mature or are terminated prior to the maturity of the associated debt. Currently, there are no swaps exposed to rollover risk since they are not associated with any debt obligations.

Note E – General and Consolidated Bond Reserve Funds

The General Reserve Fund is pledged in support of Consolidated Bonds and Notes. Statutes which require the Port Authority to create and maintain the General Reserve Fund established the principle of pooling revenues from all facilities and require that the Port Authority apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount at least equal to 10% of the par value of outstanding bonds legal for investment. At December 31, 2011, the General Reserve Fund balance was $1,783,369,487 and met the prescribed statutory amount (see Schedule C – Analysis of Reserve Funds).

The balance remaining of all net revenues of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Notes. Consolidated Bonds and Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds.

Other asset obligations (commercial paper obligations, variable rate master notes, versatile structure obligations, swaps executed after 2005, MOTBY obligation and Tower 4 Liberty Bonds), and the interest thereon, are not secured by or payable from the General Reserve Fund. Principal of, and interest on, other asset obligations are payable solely from the proceeds of obligations issued for such purposes or from net revenues paid into the Consolidated Bond Reserve Fund and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments. Operating asset obligations (equipment notes and the fund buy-out obligation) are payable in the same manner and from the same sources as operating expenses. Special project bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.

The Port Authority has a long-standing policy of maintaining total reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund. The moneys in the reserve funds may be accumulated or applied only to purposes set forth in legislation and the agreements with the holders of the Port Authority's obligations pertaining thereto. At December 31, 2011, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain total reserve funds in cash and certain specified securities.

Note F – Funding Provided by Others

During 2011 and 2010, the Port Authority received federal and state grants and contributions from other entities for various programs as summarized below:

1. Operating programs

a. K-9 Program – The FAA and the Transportation Security Administration (TSA) provided funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately $1,336,000 in 2011 and $1,007,000 in 2010.

b. Airport Screening Program – The TSA provided approximately $459,000 in both 2011 and 2010 to fund operating costs incurred by Port Authority police personnel involved with airport screening programs at JFK and EWR.

c. U.S. Department of State (USDOS) – The Port Authority received $1,310,000 in 2011 and $1,031,000 in 2010 from the USDOS to fund operating security costs incurred by Port Authority police personnel for the United Nations General Assembly.

Amounts in connection with operating activities are recorded as operating revenues on the Consolidated Statements of Revenues, Expenses and Changes in Net Assets and on Schedule A – Revenues and Reserves.

2. Grants and Contributions in Aid of Construction

a. Subsequent to September 11, 2001, the Port Authority entered into various agreements with federal and state agencies for programs associated with security related projects through which the Port Authority would be reimbursed for eligible expenses. Amounts provided in connection with security projects totaled $39 million in 2011 and $38 million in 2010.

b. The Port Authority receives contributions in aid of construction with respect to its facilities from federal, state and other entities. Amounts from the FTA for the WTC Transportation Hub, including the restoration of the permanent WTC PATH Terminal, in 2011 and 2010 were approximately $315 million and $218 million, respectively. Amounts from the FAA under the Airport Improvement Program in 2011 and 2010 were approximately $40 million and $89 million, respectively. Other contributions in aid of construction, including $275 million in contributed capital from the Silverstein net lessees for the construction of WTC Towers 2, 3 and 4 and $100 million in contributed capital from Durst for the construction, management and operation of WTC Tower 1, totaled $386 million in 2011 and $23 million in 2010.

Note G - Lease Commitments

1. Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately $1 billion in both 2011 and 2010.

2. Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport, the WTC and the Newark Legal and Communications Center. Investments in such facilities, as of December 31, 2011, include property associated with minimum rentals derived from the leases. It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Future minimum rentals scheduled to be received on operating leases in effect on December 31, 2011 are:

Year ending December 31:	(In thousands)
2012	$ 863,635
2013	831,834
2014	816,325
2015	790,587
2016	645,628
Later years	41,209,060
Total future minimum rentals (a-c)	$45,157,069

(a) Includes future rentals of approximately $36 billion attributable to the WTC net leases.

(b) Future minimum rentals decreased in 2011 by approximately $29 billion primarily in connection with the net lease for One World Trade Center, resulting from the Port Authority and Durst entering into various agreements related to the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center.

(c) Not included in the future minimum rentals is approximately $2.2 billion attributable to lease agreements at One World Trade Center entered into with Vantone Industrial Co., Ltd for 191,000 square feet of office space and Advance Magazine Publishers Inc d/b/a Conde Nast for approximately 1 million square feet of office and related space. Rentals from these leases are contingent upon specific events commencing upon completion of the building.

3. Property leased from others

Rental expenses under leases, including payments to the cities of New York and Newark for various air terminals, marine terminals and other facilities and the cost of replacement office space due to the destruction of the WTC, aggregated $278 million in 2011 and $270 million in 2010.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2011 are detailed below. Additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year ending December 31:	(In thousands)
2012	$ 232,493
2013	230,767
2014	230,065
2015	225,819
2016	187,280
2017-2021	898,599
2022-2026	880,131
2027-2031	870,000
2032-2036	870,000
2037-2065*	3,387,000
Total future minimum rent payments	$8,012,154

* Future minimum rent payments for the years 2037-2065 reflect payments associated with the City of New York and the City of Newark lease commitments.

Note H – Regional Programs

1. At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise a part of existing Port Authority facilities, these projects are effectuated through additional Port Authority facilities established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities described below.

   - **Regional Development Facility** – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that $250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2011, approximately $247 million has been expended under this program.

- **Regional Economic Development Program** – This facility is to be comprised of up to $400 million for certain transportation, economic development and infrastructure renewal projects. Net expenditures on projects authorized under this program totaled approximately $395 million as of December 31, 2011.

- **Oak Point Rail Freight Link** – The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. As of December 31, 2011, the Port Authority has provided approximately $102 million for this rail project, of which approximately $63 million was made available through the Regional Development Facility and the Regional Economic Development Program.

- **New Jersey Marine Development Program** – This program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey at a total cost not to exceed $27 million. All funds under this program have been fully allocated and expended.

- **New York Transportation, Economic Development and Infrastructure Renewal Program** – This facility was established to provide up to $250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. As of December 31, 2011, $245 million has been spent on projects associated with this program.

- **Regional Transportation Program** – This facility was established in conjunction with a program to provide up to $500 million for regional transportation initiatives. As of December 31, 2011, all funds under this program have been fully expended.

- **Hudson-Raritan Estuary Resources Program** – This facility was established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under this program is not to exceed $60 million. As of December 31, 2011, approximately $46 million has been expended under this program.

- **Regional Rail Freight Program** – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to $50 million. As of December 31, 2011, all funds under this program have been fully expended.

- **Meadowlands Passenger Rail Facility** – This facility, which links New Jersey Transit's (NJT) Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at

peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to $150 million towards the project's capital costs. As of December 31, 2011, all funds under this program have been fully expended.

As of December 31, 2011, a total of approximately $2.1 billion has been expended for regional programs. Costs for these programs that are not otherwise recognized as part of an existing Port Authority facility, are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2010	Project Expenditures	Amortization	Dec. 31, 2011
		(In thousands)		
Regional Development Facility	$ 40,816	$ -	$ 6,423	$ 34,393
Regional Economic Development Program	122,238	-	19,884	102,354
Oak Point Rail Freight Link	9,779	-	1,630	8,149
New Jersey Marine Development Program	5,028	-	834	4,194
New York Transportation, Economic Development and Infrastructure Renewal Program	158,063	-	15,891	142,172
Regional Transportation Program	176,721	-	16,667	160,054
Hudson-Raritan Estuary Resources Program	35,520	3,332	2,875	35,977
Regional Rail Freight Program	28,828	-	3,333	25,495
Meadowlands Passenger Rail Facility	117,395	-	10,000	107,395
Total unamortized costs of regional programs	$694,388	$3,332	$77,537	$620,183

2. Bi-State Initiatives – From time to time, the Port Authority makes payments to assist various bi-state regional operating initiatives. During 2011, the Port Authority expended approximately $16 million on regional initiatives, bringing the total amount spent to date to approximately $140 million.

3. Buy-out of Fund for Regional Development – In 1983, the Fund for Regional Development (Fund) was established to sublease space in the WTC that was previously held by the State of New York as tenant. An agreement among the Port Authority and the States of New York and New Jersey with respect to the Fund provided that net revenues from the subleasing were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of New York and New Jersey. The assets, liabilities, revenues and expenses of the Fund were not consolidated with those of the Port Authority. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund. The present value (calculated at the time of the termination agreement) of the cost to the Port Authority of its purchase of the Fund's interest in the WTC subleased space was approximately $431 million. The liability for payments to the States of New York and New Jersey attributable to the Fund buy-out is further described in Note D-1 (F).

Note I - Pension Plans and Other Employee Benefits

1. Pension Plans

a. Generally, full-time employees of the Port Authority (but not its related entities) are required to join one of two cost-sharing multiple-employer defined benefit pension plans, the New York State and Local Employees' Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS), collectively referred to as the "Retirement System." The New York State Constitution provides that membership in a pension or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

The Retirement System provides retirement benefits related to years of service and final average salary, death and disability benefits, vesting of benefits after a set period of credited public service, and optional methods of benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years-of-service requirement for service retirement, the benefit formula used in calculating the retirement allowance and the contributory or non-contributory nature of the plan.

Employer contributions to the Retirement System are determined based on an actuarial valuation of the present value of future benefits for active and retired members. When the actuarially determined value of benefits is greater than the assets to be used for the payment of benefits, the difference must be made up through employer contributions. That difference is amortized over the working lives of current members to determine the required annual contribution. Separate calculations are done for each plan, since each plan allows for different benefits. However, in no case will the employer's annual contribution to the Retirement System be less than 4.5% of covered payroll, including years in which the investment performance of the New York State Common Retirement Fund would make a lower contribution possible.

The Port Authority's covered ERS and PFRS payroll expense for 2011 was approximately $396 million and $219 million, respectively.

Required Port Authority contributions to the Retirement System, including costs for participation in retirement incentive programs, are as follows:

Year Ended	ERS	% of Covered Payroll	PFRS	% of Covered Payroll
		($ In thousands)		
2011	$54,060	13.7%	$40,485	18.5%
2010	$62,095	15.0%	$34,116	16.4%
2009	$29,526	7.1%	$32,960	15.6%

These contributions cover the entire funding requirements for the current year and each of the two preceding years.

In 2011, employee contributions of approximately $9.2 million to the ERS represented 2.3% of the payroll for employees covered by ERS.

The Annual Report of the Retirement System, which provides details on valuation methods and ten-year historical trend information, is available from the Comptroller of the State of New York, 110 State Street, Albany, New York 12236.

b. Employees of PATH are not eligible to participate in New York State's Retirement System. For most employees represented by unions, PATH contributes to supplemental pension plans. Annual PATH contributions to these plans are defined in the various collective bargaining agreements; no employee contributions are required. Eligibility for all benefits prior to normal retirement requires the completion of at least five years of vested service and depends upon years of credited service and monthly benefit rates in effect at the time of retirement. Trustees, appointed by the various unions, are responsible for the administration of these pension plans. PATH payroll expense in 2011 for these employees was approximately $87 million. For the year 2011, contributions made by PATH in accordance with the terms of various collective bargaining agreements totaled approximately $6 million, which represented approximately 7.1% of the total PATH covered payroll for 2011. Contributions were approximately $6 million for both 2010 and 2009.

c. Employees of PATH who are not covered by collective bargaining agreements (sometimes referred to as PATH Exempt Employees) are members of the PATH Corporation Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 (the Plan). The Plan is a non-contributory, single employer, defined benefit governmental pension plan administered by the Port Authority.

The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years-of-service requirement and the benefit formula used in calculating retirement benefits.

As of December 31, 2011, Plan participants include 95 retired PATH Exempt Employees (or their beneficiaries), 77 active PATH Exempt Employees, and 31 terminated but vested employees who are not currently receiving benefits.

On January 31, 2011, PATH requested a determination letter from the Internal Revenue Service to recognize the amended and restated Plan as a qualified plan under section 401(a) of the Internal Revenue Code.

Actuarial Methods and Assumptions

The actuarially determined valuation of the unfunded Net Pension Obligation (NPO) of the Plan was reviewed in 2011 for purposes of recognizing an actuarially determined Annual Required Contribution operating expense provision and the change in the NPO liability for the Plan in the Port Authority consolidated financial statements.

The actuarial valuation was performed in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*. The Plan does not issue separate stand-alone financial statements.

Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

In the December 31, 2011 actuarial valuation, the projected unit credit cost method was employed for all participants. Actuarial assumptions used to project pension benefits included a 5.25% investment rate of return, representing the estimated long term yield on investments expected to be used for the payment of pension benefits and a salary scale adjustment of 3% per annum (including 2.5% inflation factor).

The Annual Required Contribution represents the actuarially determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year open amortization amounts, which represents the difference between the actuarial accrued liability and amounts previously recognized. The following reflects the components of the 2011 Annual Required Contribution, benefits paid and changes to the NPO.

Annual Required Contributions and NPO for 2011

	(In thousands)
Normal Cost	$ 1,236
Amortization Cost	1,341
Interest on NPO	1,357
Annual Required Contribution	3,934
Benefits Paid in 2011	(2,877)
Increase in NPO in 2011	1,057
NPO Beginning of Year	25,847
NPO End of Year	$26,904

Notes to the Consolidated Financial Statements (continued)

The year-to-year change in the NPO consists of the difference between the 2011 annual required contribution and 2011 pension benefits paid to Plan participants. As of December 31, 2011, the actuarial accrued liability for pension benefits totaled $53.9 million. The difference between the actuarial accrued liability of $53.9 million and the $25.8 million previously recognized is being amortized as a level dollar amount over an open amortization period of 30 years.

Annual Required Contributions and NPO for 2009 - 2011

Year	NPO Beginning Balance	Annual Required Contribution	Benefit Payments	Ratio of Benefit Payments to Annual Required Contribution	NPO Year-End Balance
			($ In thousands)		
2011	$25,847	$3,934	$2,877	73.14 %	$26,904
2010	$25,236	$3,976	$3,365	84.64 %	$25,847
2009	$24,255	$3,951	$2,970	75.17 %	$25,236

Funding Status

PATH (the employer) does not currently fund the Plan; therefore, there are no Plan assets. Retirement benefit payments are on a pay-as-you-go basis from available Port Authority operating funds.

The Schedule of Funding Progress for the plan covering 2011 is:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Payroll
			($ In thousands)			
12/31/11	$0	$53,977	$53,977	0%	$ 9,185	587.65%

The schedule of funding progress for the previous five years is presented as required supplementary information immediately following the notes to the financial statements, and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Other Employee Benefits

Benefit Plans

The Port Authority and PATH provide, pursuant to Board action or as contemplated thereby, certain group health care, prescription, dental, vision and term life insurance benefits for active and retired employees of the Port Authority and PATH (and for eligible dependents and survivors of active and retired employees). Collectively, these covered individuals are referred to as "participants." Contributions toward the costs of some of these benefits are required of certain participants. These contributions generally range from 10% to 50% of the Port Authority or PATH's cost of the benefit and depend on a number of factors, including status of the participants, type of benefit, hire date, years of service, and retirement date. Benefits are provided through insurance companies whose premiums are based on the benefits paid during the year, or through plans under which benefits are paid by service providers on behalf of the Port Authority or PATH. The actuarially determined valuation of postemployment benefits is reviewed annually for the purpose of estimating the present value of future benefits for participants.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2011 actuarial valuation, the projected unit credit cost method was used for all participants. The actuarial assumptions used to project future costs included a 6% investment rate of return, representing the estimated yield on investments expected to be used for the payment of benefits; a medical healthcare cost trend rate of 8% in 2011, declining to an ultimate rate of 5% in 2014; a pharmacy benefit cost trend rate of 5% in 2011; and a dental benefit cost trend rate of 4.5% per year. In addition, the unfunded, unrecognized actuarial accrued liability is amortized as a level dollar amount over a period of 30 years.

Other Postemployment Benefit Costs and Obligations

The annual non-pension postemployment benefit cost is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial*

Reporting by Employers for Postemployment Benefits Other Than Pensions, which also forms the basis for calculating the annual required contribution for the Port Authority and PATH. The annual required contribution represents the actuarially determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year open amortization of the difference between the actuarial accrued liability and amounts previously recognized. The Port Authority has been recognizing OPEB costs since 1985. The following reflects the components of the 2011 annual OPEB costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2011 actuarial valuation:

	(In millions)
Normal actuarial cost	$ 35.8
Amortization cost	83.9
Interest on excess contribution	(6.6)
Annual Required Contribution	113.1
OPEB payments	(103.7)
Increase in net OPEB obligation	9.4
Net accrued OPEB obligation as of 12/31/10	539.9
OPEB obligation as of 12/31/11	549.3
Trust contributions	(100.0)
Net accrued OPEB obligation as of 12/31/11	$ 449.3

As of January 1, 2011, the actuarially accrued liability for OPEB totaled approximately $2 billion. The difference between the actuarial accrued liability of $2 billion and the sum of the $539.9 million liability previously recognized and the $274 million in trust assets is being amortized using an open amortization approach over a 30-year period.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established a new prescription drug benefit commonly known as Medicare Part D. The Port Authority's application to the Centers for Medicare and Medicaid Services (CMS) within the Department of Health and Human Services to sponsor a Part D Plan for retirees was approved effective January 1, 2006. Effective January 1, 2009, the Port Authority contracted with Express Scripts, Inc. for an Employee Group Waiver Plan (CMS approved series 800 plan) covering its retirees. Under the contract, Express Scripts, Inc. assumed responsibility for the administrative and compliance obligations imposed by CMS. In 2011, CMS payments to Express Scripts, Inc., on behalf of the Port Authority, totaled approximately $3.5 million. These amounts were considered in calculating the actuarial valuation of the OPEB liability.

The Port Authority and PATH's combined annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net accrued OPEB obligation for 2011 and the two preceding years, were as follows:

Year	Annual Required Contribution	OPEB Payments as a % of Annual Required Contribution	Net Accrued OPEB Obligation
		($ In thousands)	
2011	$ 113,078	180%	$ 449,299
2010	$ 130,942	127%	$ 539,979
2009	$ 114,270	127%	$ 575,314

Funding Status

On December 14, 2006, the Port Authority established a restricted fund to provide funding for post employment benefits. Effective December 2010, the Port Authority's quarterly contribution to The Port Authority of New York and New Jersey Retiree Health Benefits Trust (Trust), with Wells Fargo Bank, N.A-Institutional Trust Services serving as the Trustee, increased from $15 million to $25 million. In 2011 and 2010, contributions to the Trust totaled $100 million and $70 million, respectively.

OPEB Trust net assets, the actuarial accrued liability, the unfunded actuarial accrued liability for benefits, the annual payroll amounts for active employees covered by the plans and the ratio of the unfunded actuarial liability to covered payroll for the three most recent valuation dates were as follows:

Actuarial Valuation Date	OPEB Trust Net Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Benefit Liability	Covered Payroll for Active Employees Covered by the Plans	Ratio of the Unfunded Actuarial Liability to Covered Payroll
			($ In millions)		
1/1/2011	$274	$1,978	$1,704	$712	239%
1/1/2010	$180	$2,120	$1,940	$722	269%
1/1/2009	$100	$1,898	$1,798	$719	250%

Following are the Condensed Statements of Trust Net Assets and Changes in Trust Net Assets held in trust for OPEB for 2011 and 2010. The activities are accounted for using the accrual basis of accounting and all investments are recorded at their fair value.

Notes to the Consolidated Financial Statements (continued)

Statement of Trust Net Assets

	December 31, 2011	December 31, 2010
	(In thousands)	
ASSETS		
Cash	**$ 6,425**	$ 58
Investments, at fair value:		
Bond/Equity Funds	**370,126**	274,038
Total Investments	**370,126**	274,038
Total assets	**376,551**	274,096
LIABILITIES		
Total liabilities	**-**	-
NET ASSETS HELD IN TRUST FOR OPEB	**$ 376,551**	$ 274,096

Statements of Changes in Trust Net Assets

	Year Ended December 31, 2011	Year Ended December 31, 2010
	(In thousands)	
Additions		
Contributions	**$ 100,000**	$ 70,000
Total Contributions	**100,000**	70,000
Investment Income:		
Net change in fair value of investments	**(6,450)**	18,743
Interest income	**9,060**	5,858
Total Net Investment gain (loss)	**2,610**	24,601
Deductions		
Administrative expenses and fees	**(155)**	(270)
Total deductions	**(155)**	(270)
Net Increase	**102,455**	94,331
Trust net assets, January 1	**274,096**	179,765
NET ASSETS HELD IN TRUST FOR OPEB	**$ 376,551**	$ 274,096

The audited financial statements for the years ended December 31, 2011 and December 31, 2010 of the Trust, which provides additional information concerning trust assets, are available from the Comptroller's Department of The Port Authority of New York and New Jersey, 1 PATH Plaza, Jersey City, New Jersey 07306.

Note J – Commitments and Certain Charges to Operations

1. On December 8, 2011, the Board of Commissioners of the Port Authority adopted the preliminary budget for 2012. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions of the Board of Commissioners consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

2. At December 31, 2011, the Port Authority had entered into various construction contracts totaling approximately $5.1 billion, which are expected to be completed within the next three years.

3. The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering self-insured retentions, purchase of insurance through its captive insurance entity, PAICE, exceptions, or exclusions of portions of facilities, and the scope of insurable hazards. In view of the current state of the insurance industry, availability of coverage may be constrained and premium costs may increase for available coverage in connection with the Port Authority's periodic renewal of its insurance programs.

a. Property damage and loss of revenue insurance program:

The Port Authority's property damage and loss of revenue insurance program (which was renewed effective June 1, 2011 and expires on June 1, 2012) provides for coverage as follows:

General Coverage
(Excluding Terrorism)

$1.425 billion of purchased coverage

$25 million in the aggregate
self-insurance after which purchased
coverage applies

$5 million per occurrence deductible

Terrorism Coverage

$1.21 billion TRIPRA* Coverage
(PAICE)

$213.75 million of purchased coverage

$25 million in the aggregate
self-insurance after which purchased coverage
applies

$5 million per occurrence deductible

* On December 26, 2007, the Federal government enacted the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), which replaced the Federal reinsurance provisions of the Terrorism Risk Insurance Act of 2002 (TRIA) and added reinsurance for acts of domestic terrorism in addition to acts of foreign terrorism through December 31, 2014. Under TRIPRA, the Federal government reinsures 85% of certified terrorism losses, subject to a $100 million deductible and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of $100 billion. No federal payments are made under this program until the aggregate industry insured losses from acts of terrorism exceed $100 million.

Wind Coverage
(Sub-limit to General Coverage)

$375 million purchased coverage

$25 million in the aggregate
self-insurance after which purchased
coverage applies

$5 million per occurrence deductible

b. Public liability insurance program:

(1-b) Aviation facilities

The Port Authority's public liability insurance program for aviation facilities (which was renewed effective October 27, 2011 and expires on October 27, 2012) provides for coverage as follows:

General Coverage (Excluding Terrorism)

$1.25 billion per occurrence and in the aggregate of purchased coverage

$3 million per occurrence deductible

Terrorism Coverage

$1.25 billion aviation war risk** per occurrence and in the aggregate of purchased coverage

** Aviation war risk generally includes war, hijacking and other perils, both domestically and internationally.

(2-b) Non-Aviation facilities

The Port Authority's public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2011 and expires on October 27, 2012) provides for coverage as follows:

General Coverage (Excluding Terrorism)

$975 million excess above $17.5 million of purchased coverage

$25 million of coverage

$17.5 million of purchased coverage

$7.5 million self-insurance

$992.5 million of purchased coverage per occurrence

$5 million per occurrence deductible

Terrorism Coverage

$300 million purchased TRIPRA* Coverage

$300 million purchased coverage per occurrence

$5 million per occurrence deductible

* See footnote on page 62

During each of the past three years, claims payments have not exceeded insurance coverage.

4. In providing for uninsured potential losses, the Port Authority administers its self-insurance program by applications from the Consolidated Bond Reserve Fund and provides for losses by charging operating expense as liabilities are incurred. As of December 31, 2011, there was approximately $76 million for the payment of self-insured claims.

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for unpaid claims is based upon the estimated cost of settling the claims, which includes a review of estimated claims expenses, estimated recoveries and a provision for IBNR claims. Changes in the liability amounts in 2011 and 2010 were:

Year	Beginning Balance	Additions and Changes	Payments	Year-end Balance
		(In thousands)		
2011	$ 39,557	$ 12,347	$ 6,302	$ 45,602
2010	$ 36,817	$ 6,555	$ 3,815	$ 39,557

5. On October 16, 2006, the District of Columbia approved the establishment of a Port Authority captive insurance company, known as the Port Authority Insurance Captive Entity, LLC, for the purpose of insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business, in connection with Workers' Compensation, general liability, builders risk, property and terrorism insurance coverage for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of domestic terrorism with respect to the Port Authority's public liability and property damage and loss of revenue insurance programs in addition to the previously provided coverage for acts of foreign terrorism. In addition, as of December 31, 2011, PAICE has continued to provide the first $1,000,000 in coverage under the Workers' Compensation portion, the first $500,000 in coverage under the general liability aspect of the Port Authority's Contractor's Insurance Program, and $1 billion of Builders Risk and Terrorism coverage for the WTC Transportation Hub Owner Controlled Insurance Program, which is 100% reinsured through the commercial insurance marketplace and TRIPRA.

Any changes in the lines of insurance being provided by PAICE or its capitalization are subject to prior approval by the Port Authority Board of Commissioners' Committee on Finance. PAICE also provides periodic reports with respect to its general operations to the Port Authority's Board of Commissioners.

The financial results for PAICE for the year ended December 31, 2011 are set forth below. Amounts associated with PAICE recorded on the Port Authority's consolidated

financial statements have been adjusted to reflect intercompany transfers between the Port Authority and PAICE (see Schedule E).

	(In thousands)
Financial Position	
Total Assets	$233,421
Total Liabilities	112,038
Net Assets	$121,383
Operating Results	
Revenues	$ 27,465
Expenses	9,544
Net Income	$ 17,921
Changes in Net Assets	
Balance at January 1, 2011	$103,462
Net Income	17,921
Balance at December 31, 2011	$121,383

6. The 2011 balance of "Other amounts receivable, net" on the Consolidated Statements of Net Assets consists of approximately $72 million representing advance payments to DCM Erectors Inc., Tutor Perini, and Tishman Construction for work performed in connection with the WTC Transportation Hub; approximately $25 million in net long-term receivables from Port Authority tenants; approximately $8 million in interest expense reimbursement due from Tower 4 net lessee related to Tower 4 Liberty Bonds; and approximately $2 million representing the balance due from the private full service vendor operating the plant at the Essex County Resource Recovery Facility under the conditional sale agreement through which the vendor financed a portion of the construction costs of the plant.

Notes to the Consolidated Financial Statements (continued)

7. The 2011 balance of "Other noncurrent liabilities" consists of the following:

	Dec. 31, 2010	Additions	Deductions	Dec. 31, 2011
		(In thousands)		
Workers' Compensation liability	$ 42,684	$ 26,848	$ 24,144	$ 45,388
Claims liability	39,557	12,347	6,302	45,602
Pollution remediation	36,520	5,034	9,722	31,832
PATH exempt employees supplemental pension plan*	25,847	-	25,847	-
Asset forfeiture	11,192	3,478	4,022	10,648
Contractors Insurance Program-WTC	-	122,701	-	122,701
Surety and security deposits	6,974	1,446	299	8,121
Other	7,009	55,768	117	62,660
Gross other liabilities	$169,783	$227,622	$ 70,453	326,952
Less current portion:				
Workers' Compensation liability				15,556
Total other noncurrent liabilities				$311,396

* Reclassified to "Accrued pension and other noncurrent employee benefits" in 2011.

8. During 2011, approximately $35 million in capital expenditures primarily associated with the construction of a podium covered with prismatic glass at the base of One World Trade Center building and the development of advanced metering projects at LGA and JFK, that were previously included as a component of "Facilities, net" were determined to represent costs for projects that will not proceed forward to completion, or for preliminary engineering and design work related to alternative analyses no longer considered viable for ongoing projects. As a result, these charges were written off to operating expense accounts in 2011.

9. During 2011, the Port Authority provided voluntary termination benefits, including severance payments based primarily on years of service to 15 employees. Port Authority costs totaled approximately $1 million in 2011 for these severance programs. As of December 31, 2011, all severance amounts were recognized.

10. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method have been recognized for certain pollution remediation obligations that previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. The Port Authority recognized an additional $5 million in pollution remediation obligations, thus increasing the cumulative amounts recognized to date from $52 million in 2010 to $57 million in 2011, net of $2.1 million in expected recoveries. A corresponding liability, measured at its current value utilizing the prescribed expected cash flow method, has been recognized on the Consolidated Statements of Net Assets.

As of December 31, 2011, the outstanding pollution remediation liability totaled $31.8 million, primarily consisting of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, soil contamination, and arsenic contamination at Port Authority facilities.

Note K – Information with Respect to the Redevelopment of the World Trade Center Site

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority. The net lessees obtained property damage and business interruption insurance in a combined single limit of approximately $3.5 billion per occurrence. The net lessees recovered approximately $4.57 billion against available policy limits of approximately $4.68 billion. Approximately $2.3 billion of these funds has been used for the net lessees' business interruption expenses, including the payment of rent to the Port Authority, the prepayment of the mortgage loan entered into on July 24, 2001 by the Silverstein net lessees with GMAC Commercial Mortgage Corporation in the amount of approximately $562 million, and the purchase by the Port Authority on December 23, 2003 of the retail net lessee from Westfield for $140 million as well as certain of their WTC redevelopment expenses.

Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center

The redevelopment of the WTC will provide approximately 10 million square feet of above-grade office space with associated storage, mechanical, loading, below-grade parking, and other non-office space, and consist of One World Trade Center, Tower 2, Tower 3, Tower 4, Tower 5, approximately 450,000 square feet of retail space, a WTC Transportation Hub, a memorial and interpretive museum (Memorial/Museum) and cultural facilities and certain related infrastructure.

Future minimum rentals (see Note G) include rentals of approximately $36 billion attributable to WTC net leases. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC Towers 2, 3 and 4, and WTC Retail will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties. The net lessees' ability to meet these contractual commitments may be affected by the nature of the downtown Manhattan real estate market, and coordination among various public and private sector entities involved in the redevelopment of downtown Manhattan.

One World Trade Center

In November 2006, as part of the continuing redevelopment of the WTC, the Port Authority acquired from Silverstein Properties 100% of the membership interests in 1 WTC LLC, the then-net lessee of One World Trade Center and Tower 5, which will comprise, in the aggregate, approximately 4.2 million square feet of office space. On June 13, 2011, the Port Authority and Durst entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of the One World Trade Center building. Durst contributed $100 million for a minority equity interest in Tower 1 Joint Venture LLC. One World Trade Center will contain 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. It is presently expected that One World Trade Center will be substantially completed by late 2013, at a cost of approximately $3.1 billion.

World Trade Center Tower 2, Tower 3 and Tower 4

A December 2010 World Trade Center Amended and Restated Master Development Agreement (MDA), among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

The Silverstein net lessees are required to construct Tower 4, the Tower 3 podium and certain sub grade and foundation work required for Tower 2, to be located on the eastern portion of the WTC site, along the Church Street corridor, comprising, in the aggregate, approximately 6.2 million square feet of office space, as well as contribute an aggregate of $140,000,000 toward specified common infrastructure costs. The MDA also provides for the implementation of a construction coordination and cooperation plan among the respective parties' construction teams in order to provide for cooperation and coordination to achieve reasonable certainty of timely project completion.

World Trade Center Tower 4

For the continued development and construction of Tower 4, with approximately 600,000 of its 2 million square feet of office space preleased to the Port Authority, and approximately 580,000 square feet preleased to the City of New York, the Port Authority, as a co-borrower/obligor with respect to the Liberty Bonds issued on November 15, 2011 under a Tower 4 Tenant Repayment Agreement, has provided tenant support payments for the benefit of the Silverstein net lessee of Tower 4. The Port Authority's obligations with respect to the payment of debt service on the Tower 4 Liberty Bonds are evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the bond trustee. Tenant Support payments would be reimbursed to the Port Authority from Tower 4 cash flow and to the extent Tower 4 cash flow is not sufficient, would accrue interest until repaid with an overall term of the investment not in excess of 40 years. As security for the repayment to the Port

Authority under the Tower 4 Tenant Support Agreement, the Silverstein net lessee of Tower 4, the Port Authority and a third party banking institution have entered into an account control agreement pursuant to which the revenues derived from the operation of Tower 4 (excluding the rents payable under the space lease with the City of New York which have been assigned by the Silverstein net lessee of Tower 4 directly to the bond trustee for the Tower 4 Liberty Bonds) will be deposited into a segregated lockbox account, in which the Port Authority has a security interest, and will be administered and disbursed by such banking institution in accordance with the Tower 4 Tenant Repayment Agreement. To provide additional security for the repayment to the Port Authority, the Silverstein net lessee of Tower 4 will assign to the Port Authority various contracts with architects, engineers and other persons in connection with the development and construction of Tower 4, together with all licenses, permits, approvals, easements and other rights of the Silverstein net lessee of Tower 4; will grant a first priority leasehold mortgage on the net lease for Tower 4 to the Port Authority; and will assign all Tower 4 space leases and rents (other than the space lease with the City of New York) to the Port Authority.

World Trade Center Tower 3

The Silverstein net lessee of Tower 3 would construct the Tower 3 podium, with the construction of the office tower to follow. To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private-marketing triggers the Port Authority has entered into a Tower 3 Tenant Support Agreement providing for the investment of Port Authority operating funds of $210 million for the construction of the tower and a backstop of $390 million for certain construction and leasing overruns, senior debt service shortfalls and operating expense deficits. These private-market triggers include the Silverstein Tower 3 net lessee raising $300 million of private equity, preleasing 400,000 square feet of the office tower, and obtaining private financing for the remaining cost of the office tower. The State of New York and the City of New York have agreed to reimburse the Port Authority for $200 million each of the $600 million to be provided under the Tower 3 Tenant Support Agreement for a total reimbursement of $400 million. Under the Tower 3 Tenant Support Agreement, the Silverstein net lessee of Tower 3 is responsible for the repayment of the $390 million backstop on a subordinated basis, without interest, from Tower 3 revenues. All repayments of the Tower 3 backstop received by the Port Authority would in turn be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the $390 million backstop payments.

The World Trade Center Transportation Hub

Immediately following the terrorist attacks of September 11, 2001, the Governors of the States of New York and New Jersey and the Board of Commissioners of the Port Authority made rapid restoration of PATH service a priority on the Port Authority's agenda. PATH service recommenced at the Exchange Place station (which was rendered unusable as a result of the events of September 11, 2001) on June 29,

2003, and PATH service to the WTC site recommenced on November 23, 2003 at the temporary PATH station at the WTC site.

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project. Construction of the WTC Transportation Hub commenced on September 6, 2005 and is presently scheduled for completion between the fourth quarter of 2013 and the second quarter of 2014, at a cost of approximately $3.44 billion.

World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to advance planning and design for various infrastructure projects toward full build out of the WTC site. A vehicular security center for cars, tour buses, and delivery vehicles to access sub grade loading facilities is presently expected to be substantially completed in time to support the commercial development throughout the WTC site at a cost of approximately $670 million. Other infrastructure work to be implemented includes streets and utilities, a central chiller plant, and electrical infrastructure that will support the operations of the WTC site.

WTC Retail

In December 2003, as part of the redevelopment of the WTC, the Port Authority acquired 100% of the membership interest in the net lessee of the retail components of the WTC from Westfield for $140 million, and is the sole managing member of this bankruptcy remote single purpose entity, which was renamed "WTC Retail LLC." In such capacity, the Port Authority has been involved in the planning for the restoration of the retail components of the WTC. On February 9, 2012, the Board of Commissioners of the Port Authority authorized a transaction between the Port Authority and Westfield in which the Port Authority and Westfield would form a 50/50 joint venture to develop, lease and operate the WTC retail project.

The Memorial

On July 6, 2006, the Board of Commissioners authorized the Port Authority to enter into an agreement with the Lower Manhattan Development Corporation (LMDC), the National September 11 Memorial and Memorial Museum at the WTC (Memorial Foundation), the City of New York and the State of New York for the construction by the Port Authority of the WTC memorial and cultural project. The agreement establishes the general areas of responsibility of the parties for the design, development, construction, financing and operation of the project, which will include the Memorial/Museum, the Visitor Orientation and Education Center (VOEC), and the related common and exclusive infrastructure (Infrastructure).

In connection with the funding of the costs of the construction of the project, the Memorial Foundation and the LMDC are responsible for providing $280 million and

$250 million, respectively, for the Memorial/Museum; the State of New York is responsible for providing $80 million for the VOEC and the Port Authority is responsible for providing up to $150 million for the Infrastructure. The Port Authority does not have any responsibility for the operation and maintenance of the Memorial, the Memorial/Museum or the VOEC. The Memorial Plaza was substantially completed and opened for public access on September 11, 2011.

Accounting

In connection with the events of September 11, 2001, the Port Authority reclassified and recognized as an operating expense the $1.1 billion net book value of various assets consisting primarily of buildings, infrastructure and certain ancillary equipment that together comprised the components of the WTC complex destroyed as a result of the September 11, 2001 terrorist attacks. A receivable in an amount equal to such net book value was recorded in 2001. In connection with the recovery for and redevelopment of certain assets comprising the WTC, the receivable has been fully satisfied on the Port Authority's financial statements as of December 31, 2011.

Schedule of Funding Progress
PATH Exempt Employees Supplemental Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (c) = (b–a)	Funded Ratio (a) / (b)	Covered Payroll (d)	Unfunded Actuarial Accrued Liability as a % of Payroll (c) / (d)
			($ In thousands)			
12/31/11	$0	$53,977	$53,977	0%	$ 9,185	587.65%
12/31/10	$0	$53,382	$53,382	0%	$10,456	510.56%
12/31/09	$0	$55,270	$55,270	0%	$ 9,043	611.20%
12/31/08	$0	$54,126	$54,126	0%	$ 8,315	650.96%
12/31/07	$0	$53,176	$53,176	0%	$ 8,709	610.55%
12/31/06	$0	$51,712	$51,172	0%	$ 7,506	688.99%

Schedule A - Revenues and Reserves
(Pursuant to Port Authority bond resolutions)

	Year ended December 31, 2011			2010
	Operating Fund	Reserve Funds	Combined Total	Combined Total
			(In thousands)	
Gross operating revenues:				
Rentals	$ 1,150,569	$ -	$ **1,150,569**	$ 1,144,709
Tolls and fares	1,148,061	-	**1,148,061**	1,069,785
Aviation fees	895,356	-	**895,356**	872,774
Parking and other	339,131	-	**339,131**	321,257
Utilities	154,810	-	**154,810**	154,041
Rentals - Special Project Bonds Projects	112,553	-	**112,553**	71,457
Total gross operating revenues	3,800,480	-	**3,800,480**	3,634,023
Operating expenses:				
Employee compensation, including benefits	1,037,681	-	**1,037,681**	1,022,195
Contract services	726,883	-	**726,883**	630,438
Rents and amounts in-lieu-of taxes	280,237	-	**280,237**	272,002
Materials, equipment and other	219,183	-	**219,183**	418,639
Utilities	188,432	-	**188,432**	183,826
Interest on Special Project Bonds	112,553	-	**112,553**	71,457
Total operating expenses	2,564,969	-	**2,564,969**	2,598,557
Amounts in connection with operating asset obligations	29,580	-	**29,580**	46,561
Net (recoverables) related to the events of September 11, 2001	-	-	**-**	(53,051)
Net operating revenues	1,205,931	-	**1,205,931**	1,041,956
Financial income:				
Interest income	17,732	30,294	**48,026**	55,835
Net (decrease) in fair value of investments	(1,206)	(100,090)	**(101,296)**	(56,735)
Contributions in aid of construction	487,296	-	**487,296**	358,268
Application of Passenger Facility Charges	215,645	-	**215,645**	207,122
Application of 1WTC LLC/WTC Retail LLC Insurance Proceeds	57,340	-	**57,340**	61,468
Application of 4 WTC associated payments	8,343	-	**8,343**	-
Restricted Net Revenues - PAICE	644	-	**644**	(102)
Grants	23,727	-	**23,727**	11,708
Pass-through grant program payments	(11,507)	-	**(11,507)**	(2,166)
Net revenues available for debt service and reserves	2,003,945	(69,796)	**1,934,149**	1,677,354
Debt service:				
Interest on bonds and other asset financing obligations	480,623	37,702	**518,325**	444,202
Debt maturities and retirements	140,390	-	**140,390**	178,095
Debt retirement acceleration		6,100	**6,100**	-
Repayment of asset financing obligations	-	20,258	**20,258**	30,062
Total debt service	621,013	64,060	**685,073**	652,359
Transfers to reserves	$ (1,382,932)	1,382,932	**-**	-
Revenues after debt service and transfers to reserves		1,249,076	**1,249,076**	1,024,995
Direct investment in facilities		(742,001)	**(742,001)**	(1,375,008)
Change in appropriations for self-insurance		1,949	**1,949**	(3,971)
Increase in reserves		509,024	**509,024**	(353,984)
Reserve balances, January 1		2,196,012	**2,196,012**	2,549,996
Reserve balances, December 31		$ 2,705,036	$ **2,705,036**	$ 2,196,012

See Notes to Consolidated Financial Statements

Schedule B - Assets and Liabilities
(Pursuant to Port Authority bond resolutions)

	December 31, 2011				2010
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 616,508	$ 1,227,251	$ 1,453,606	**$ 3,297,365**	$ 2,451,050
Restricted cash:					
1 WTC LLC/WTC Retail LLC insurance proceeds	14,434	-	-	**14,434**	71,732
Passenger Facility Charges	-	-	-	**-**	-
Port Authority Insurance Captive Entity, LLC	11,038	-	-	**11,038**	5,435
Investments	1,290	-	25,000	**26,290**	250,696
Current receivables, net	320,039	42,708	128	**362,875**	342,813
Other current assets	62,737	223,201	-	**285,938**	176,514
Restricted receivables and other assets	49,316	(2,888)	-	**46,428**	50,268
Total current assets	1,075,362	1,490,272	1,478,734	**4,044,368**	3,348,508
Noncurrent assets:					
Restricted cash	7,765	-	-	**7,765**	6,618
Investments	129,967	-	1,226,302	**1,356,269**	1,339,148
Restricted Investments - PAICE	156,356	-	-	**156,356**	139,696
Other amounts receivable, net	33,172	73,817	-	**106,989**	239,270
Deferred charges and other noncurrent assets	1,381,691	132,380	-	**1,514,071**	1,464,338
Restricted deferred / other noncurrent assets - PAICE	13,409	-	-	**13,409**	14,564
Amounts receivable - Special Project Bonds Projects	-	1,741,440	-	**1,741,440**	1,780,813
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	-
Invested in facilities	-	37,591,818	-	**37,591,818**	34,204,035
Total noncurrent assets	1,722,360	40,764,975	1,226,302	**43,713,637**	39,188,482
Total assets	2,797,722	42,255,247	2,705,036	**47,758,005**	42,536,990
LIABILITIES					
Current liabilities:					
Accounts payable	200,339	617,810	-	**818,149**	717,992
Accrued interest and other current liabilities	692,849	66,278	-	**759,127**	566,732
Restricted other liabilities - PAICE	816	-	-	**816**	351
Accrued payroll and other employee benefits	231,657	-	-	**231,657**	198,574
Deferred income:					
1 WTC LLC/WTC Retail LLC insurance proceeds	14,434	-	-	**14,434**	71,732
Passenger Facility Charges	19,590	-	-	**19,590**	20,779
Restricted Net Revenues - PAICE	1,946	-	-	**1,946**	2,590
Current portion bonds and other asset financing obligations	129,960	695,959	-	**825,919**	972,880
Total current liabilities	1,291,591	1,380,047	-	**2,671,638**	2,551,630
Noncurrent liabilities:					
Accrued pension and other noncurrent employee benefits	476,879	-	-	**476,879**	543,747
Other noncurrent liabilities	142,639	168,757	-	**311,396**	150,894
Restricted other noncurrent liabilities - PAICE	46,389	-	-	**46,389**	44,080
Amounts payable - Special Project Bonds	-	1,741,440	-	**1,741,440**	1,803,145
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	-
Bonds and other asset financing obligations	764,163	14,967,172	-	**15,731,335**	13,585,625
Total noncurrent liabilities	1,430,070	18,102,889	-	**19,532,959**	16,127,491
Total liabilities	2,721,661	19,482,936	-	**22,204,597**	18,679,121
NET ASSETS	$ 76,061	$ 22,772,311	$ 2,705,036	**$ 25,553,408**	$ 23,857,869
Net assets are composed of:					
Facility infrastructure investment	$ -	$ 22,772,311	$ -	**$ 22,772,311**	$ 21,583,848
Reserves	-	-	2,705,036	**2,705,036**	2,196,012
Appropriated reserves for self-insurance	76,061	-	-	**76,061**	78,009
Net assets	$ 76,061	$ 22,772,311	$ 2,705,036	**$ 25,553,408**	$ 23,857,869

See notes to Consolidated Financial Statements

Schedule C - Analysis of Reserve Funds
(Pursuant to Port Authority bond resolutions)

	Year ended December 31, 2011			2010
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
		(In thousands)		
Balance, January 1	$ 1,584,955	$ 611,057	**$ 2,196,012**	$ 2,549,996
Increase in reserve funds *	198,415	1,114,721	**1,313,136**	1,062,637
	1,783,370	1,725,778	**3,509,148**	3,612,633
Applications:				
Repayment of asset financing obligations	-	20,258	**20,258**	30,062
Interest on asset financing obligations	-	37,702	**37,702**	7,580
Debt retirement acceleration	-	6,100	**6,100**	-
Direct investment in facilities	-	742,001	**742,001**	1,375,008
Self-insurance	-	(1,949)	**(1,949)**	3,971
Total applications	-	804,112	**804,112**	1,416,621
Balance, December 31	$ 1,783,370	$ 921,666	**$ 2,705,036**	$ 2,196,012

* Consists of "Transfers to reserves" from the operating fund totaling $1.4 billion, plus "financial income" generated on Reserve funds of negative ($69.8) million in 2011.

STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2011

Statistical Section

The Statistical Section presents additional information as context for further understanding the information in the financial statements, note disclosures and schedules. The information contained in this section is unaudited.

Financial Trends – Schedule D-1

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal health has changed over time.

Debt Capacity – Schedule D-2

The Port Authority has several forms of outstanding obligations.

Information on Port Authority revenues, outstanding obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in Note D, and the reserve funds are described in Note E). Debt limitations, including in some cases limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Operating Information – Schedule D-3

Operating and service data is provided to help the reader understand how information in the Port Authority's financial report relates to the services it provides and activities it performs.

Schedule D-1 - Selected Statistical Financial Trends Data

	2011	2010	2009	2008
			(In thousands)	
Net assets are composed of				
Invested in capital assets, net of related debt	**$ 10,020,306**	$ 9,200,077	$ 8,415,993	$7,526,446
Restricted	**294,460**	222,871	211,725	409,800
Unrestricted	**1,411,125**	1,601,675	2,050,064	1,895,118
Net Assets	**11,725,891**	11,024,623	10,677,782	9,831,364
Revenues, Expenses and Changes in Net Assets:				
Gross operating revenues:				
Rentals	**$ 1,150,569**	$ 1,144,709	$ 1,115,652	$ 1,079,634
Tolls and Fares	**1,148,061**	1,069,785	1,068,105	1,054,801
Aviation Fees	**895,356**	872,774	839,327	816,628
Parking and other fees	**339,131**	321,257	316,005	328,220
Utilities	**154,810**	154,041	140,817	169,576
Rentals associated with Special Project Bonds	**112,553**	71,457	72,337	78,693
Gross operating revenues	**3,800,480**	3,634,023	3,552,243	3,527,552
Operating expenses:				
Employee compensation, including benefits	**1,037,681**	1,022,195	974,154	941,289
Contract services	**726,883**	630,438	683,418	670,489
Rents and amounts in-lieu-of taxes	**280,237**	272,002	276,830	274,916
Materials, equipment and other	**219,183**	418,639	263,682	314,722
Utilities	**188,432**	183,826	168,249	183,583
Interest on Special Project Bonds	**112,553**	71,457	72,337	78,693
Operating expenses	**2,564,969**	2,598,557	2,438,670	2,463,692
Net recoverables (expenses) related to the events of September 11, 2001	**-**	53,051	202,978	457,918
Depreciation of facilities	**(852,727)**	(789,011)	(712,331)	(644,620)
Amortization of costs for regional programs	**(77,537)**	(76,504)	(74,617)	(70,840)
Income from operations	**305,247**	223,002	529,603	806,318
Income on investments (including fair value adjustment)	**(46,898)**	4,435	146,561	(4,976)
Interest expense on bonds and other asset financing	**(559,110)**	(501,607)	(501,892)	(488,463)
Gain (loss) on disposition of assets	**-**	-	27,125	7
4 WTC associated payments	**8,343**	-	-	-
Contributions in aid of construction	**767,010**	358,268	382,978	313,078
Passenger Facility Charges	**214,456**	210,387	201,737	211,667
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	42,814	50,813	49,771
Grants	**23,727**	11,708	10,613	9,811
Pass-through grant program payments	**(11,507)**	(2,166)	(1,120)	(3,130)
Increase in net assets December 31,	**$ 701,268**	$ 346,841	$ 846,418	$ 894,083

2007	2006	2005	2004	2003	2002
$6,609,691	$ 5,872,518	$ 5,725,929	$ 5,563,683	$ 5,397,959	$ 4,492,027
719,306	208,771	17,916	14,651	15,153	16,505
1,608,284	1,553,114	1,371,928	1,375,533	1,389,219	1,410,763
$ 8,937,281	$ 7,634,403	$ 7,115,773	$ 6,953,867	$ 6,802,331	$ 5,919,295
$ 986,663	$ 952,431	$ 928,395	$ 877,306	$ 858,414	$ 832,527
800,244	798,682	787,381	788,333	758,326	774,337
781,355	716,700	748,811	714,766	705,302	672,175
387,966	335,019	296,663	269,413	234,261	197,912
149,537	146,822	147,795	121,436	112,555	97,184
85,861	88,884	91,648	93,570	95,193	96,448
3,191,626	3,038,538	3,000,693	2,864,824	2,764,051	2,670,583
922,671	840,640	870,784	806,890	769,711	777,146
587,730	590,197	564,332	545,404	543,927	622,781
271,073	254,178	243,411	252,658	237,014	140,614
212,147	187,996	168,139	141,367	150,961	135,321
167,912	150,729	149,604	141,476	122,445	113,880
85,861	88,884	91,648	93,570	95,193	96,448
2,247,394	2,112,624	2,087,918	1,981,365	1,919,251	1,886,190
(4,563)	(2,069)	(3,358)	(4,985)	664,211	474,663
(632,553)	(674,940)	(643,732)	(575,539)	(488,986)	(406,484)
(59,316)	(49,319)	(42,996)	(38,677)	(32,112)	(28,762)
247,800	199,586	222,689	264,258	987,913	823,810
229,812	137,968	105,579	59,047	66,148	97,812
(493,689)	(454,134)	(422,334)	(391,870)	(344,755)	(336,725)
17,011	(3,741)	(55)	-	787	-
-	-	-	-	-	-
313,504	250,904	107,262	81,173	57,568	36,258
221,380	192,509	134,429	125,532	109,111	110,471
760,467	184,901	-	-	-	-
11,310	17,469	14,336	13,396	34,501	19,892
(4,717)	(6,832)	-	-	(28,237)	(11,556)
$ 1,302,878	$ 518,630	$ 161,906	$ 151,536	$ 883,036	$ 739,962

Schedule D-2 - Selected Statistical Debt Capacity Data

	2011	2010	2009	2008
			(In thousands)	
Gross Operating Revenues	**$ 3,800,480**	$ 3,634,023	$ 3,552,243	$ 3,527,552
Operating expenses	**(2,564,969)**	(2,598,557)	(2,438,670)	(2,463,692)
Net recoverables (expenses) related to the events of September 11, 2001 (a)	**-**	53,051	202,978	457,918
Amounts in connection with operating asset obligations	**(29,580)**	(46,561)	(55,058)	(41,301)
Net operating revenues	**1,205,931**	1,041,956	1,261,493	1,480,477
Financial income	**(53,270)**	(900)	141,136	(19,537)
Grants and contributions in aid-of-construction, net	**499,516**	367,810	392,471	319,759
Application of Passenger Facility Charges	**215,645**	207,122	205,164	215,407
Application of 4 WTC Association payments	**8,343**	-	-	-
Application of 1WTC LLC/WTC LLC Retail Insurance Proceeds	**57,340**	61,468	266,676	411,278
Restricted Net Revenues - PAICE	**644**	(102)	3,177	(4,311)
Net Revenues available for debt service and reserves (b)	**1,934,149**	1,677,354	2,270,117	2,403,073
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (c)	**(480,623)**	(436,622)	(427,384)	(409,175)
Debt Service Ratio * (b/c)	**4.02**	3.84	5.31	5.87
Debt maturities and retirements (d)	**(140,390)**	(178,095)	(147,370)	(152,275)
Debt Service Ratio * [b/(c+d)]	**3.11**	2.73	3.95	4.28
APPLICATION OF RESERVES				
Direct investment in facilities	**(742,001)**	(1,375,008)	(1,522,096)	(1,514,369)
Debt retirement acceleration	**(6,100)**	-	-	-
Change in appropriations for self-insurance	**1,949**	(3,971)	6,463	2,123
Interest on bonds and other asset financing obligations	**(37,702)**	(7,580)	(8,938)	(28,797)
Repayment of asset financing obligations	**(20,258)**	(30,062)	(13,525)	(80,775)
Net increase (decrease) in reserves	**509,024**	(353,984)	157,267	219,805
RESERVE BALANCES				
January 1	**2,196,012**	2,549,996	2,392,729	2,172,924
December 31	**$ 2,705,036**	$ 2,196,012	$ 2,549,996	$ 2,392,729
Reserve funds balances represented by:				
General Reserve	**1,783,370**	1,584,955	1,412,221	1,270,215
Consolidated Bond Reserve	**921,666**	611,057	1,137,775	1,122,514
Total	**$ 2,705,036**	$ 2,196,012	$ 2,549,996	$ 2,392,729
OBLIGATIONS AT DECEMBER 31				
Consolidated Bonds and Notes	**$ 15,550,039**	$ 13,340,378	$ 12,284,449	$ 10,794,831
Fund Buy-out obligation	**359,859**	373,707	386,480	398,262
MOTBY obligation	**105,141**	138,396	-	-
Amounts payable - Special Project Bonds	**1,741,440**	1,803,145	1,064,380	1,118,105
Variable rate master notes	**77,900**	77,900	90,990	90,990
Commercial paper notes	**396,155**	354,280	321,010	186,040
Versatile structure obligations	**-**	175,200	250,900	399,700
Port Authority equipment notes	**68,160**	98,645	110,485	112,485
Tower 4 Liberty Bonds	**1,225,520**	-	-	-
Total obligations	**$ 19,524,214**	$ 16,361,651	$ 14,508,694	$ 13,100,413
DEBT RETIRED THROUGH INCOME:				
Annual	**166,748**	208,157	160,895	233,050
Cumulative	**$ 7,493,306**	$ 7,326,558	$ 7,118,401	$ 6,957,506

* Debt service ratios excluding net (expenses) recoverables related to the events of September 11, 2001 are as follows:

Debt Service Ratio [(b-a)/c]	**4.02**	3.72	4.84	4.75
Debt Service Ratio [(b-a)/(c+d)]	**3.11**	2.64	3.60	3.46

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

2007	2006	2005	2004	2003	2002
$ 3,191,626	$ 3,038,538	$ 3,000,693	$ 2,864,824	$ 2,764,051	$ 2,670,583
(2,247,394)	(2,112,624)	(2,087,918)	(1,981,365)	(1,919,251)	(1,886,190)
(4,563)	(2,069)	(3,358)	(4,985)	664,211	474,663
(40,787)	(42,391)	(48,008)	(34,609)	(35,113)	(35,960)
898,882	881,454	861,409	843,865	1,473,898	1,223,096
208,274	134,806	103,572	57,403	61,765	95,962
320,097	261,541	121,598	94,569	63,832	44,594
220,583	186,555	113,649	-	-	-
-	-	-	-	-	-
305,532	-	-	-	-	-
(1,354)	-	-	-	-	-
1,952,014	1,464,356	1,200,228	995,837	1,599,495	1,363,652
(417,209)	(379,361)	(355,068)	(345,129)	(291,514)	(282,635)
4.68	3.86	3.38	2.89	5.49	4.82
(177,160)	(254,210)	(205,220)	(211,870)	(698,280)	(181,250)
3.28	2.31	2.14	1.79	1.62	2.94
(808,694)	(490,750)	(626,813)	(285,441)	(542,260)	(433,747)
-	-	-	(110,075)	(183,120)	(283,502)
(3,220)	(4,968)	(5,325)	249	(15,201)	(19,017)
(36,077)	(26,587)	(17,645)	(8,684)	(6,860)	(15,828)
(110,424)	(109,934)	(12,205)	(10,737)	(6,329)	(5,863)
399,230	198,546	(22,048)	24,150	(144,069)	141,810
1,773,694	1,575,148	1,597,196	1,573,046	1,717,115	1,575,305
$ 2,172,924	$ 1,773,694	$ 1,575,148	$ 1,597,196	$ 1,573,046	$ 1,717,115
1,238,915	1,198,499	1,068,790	1,068,790	948,902	907,075
934,009	575,195	506,358	528,406	624,144	810,040
$ 2,172,924	$ 1,773,694	$ 1,575,148	$ 1,597,196	$ 1,573,046	$ 1,717,115
$ 9,495,419	$ 9,659,104	$ 8,328,644	$ 8,273,573	$ 7,053,296	$ 6,630,205
409,128	419,155	420,660	422,050	423,330	424,513
-	-	-	-	-	-
1,264,735	1,311,100	1,354,425	1,393,920	1,420,240	1,442,450
90,990	130,990	130,990	130,990	149,990	149,990
238,950	270,740	282,095	280,315	249,200	180,408
1,205,600	519,600	532,100	544,000	554,500	560,600
93,460	93,460	47,105	65,105	61,800	107,100
-	-	-	-	-	-
$ 12,798,282	$ 12,404,149	$ 11,096,019	$ 11,109,953	$ 9,912,356	$ 9,495,266
287,584	364,144	217,425	332,682	887,729	470,615
$ 6,724,456	$ 6,436,872	$ 6,072,728	$ 5,855,303	$ 5,522,621	$ 4,634,892
4.69	3.87	3.39	2.90	3.21	3.15
3.29	2.31	2.15	1.80	0.94	1.92

Schedule D-3 Selected Statistical Operating Data

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Authorized Port Authority staffing levels:										
Tunnels, Bridges and Terminals	**881**	911	911	940	910	938	1,010	1,039	1,023	1,034
PATH	**1,070**	1,081	1,081	1,088	1,075	1,080	1,089	1,092	1,093	1,095
Port Commerce facilities	**170**	172	172	179	168	175	183	187	191	192
Air Terminal facilities	**926**	958	958	978	918	953	989	999	999	997
Development (a)	**52**	82	82	86	77	-	-	-	-	-
Other operational and support activities (b)	**1,957**	2,030	2,030	2,082	2,208	2,259	2,382	2,403	2,409	2,418
Subtotal	**5,056**	5,234	5,234	5,353	5,356	5,405	5,653	5,720	5,715	5,736
Public Safety and Security	**1,721**	1,743	1,743	1,774	1,772	1,776	1,541	1,547	1,519	1,499
Total	**6,777**	6,977	6,977	7,127	7,128	7,181	7,194	7,267	7,234	7,235
Facility Traffic and Other Indicators (c):					(In thousands)					
INTERSTATE TRANSPORTATION NETWORK										
Tunnels and Bridges (Total Eastbound Traffic)										
George Washington Bridge	**50,397**	51,231	52,126	52,947	53,956	54,265	53,612	54,202	52,971	54,674
Lincoln Tunnel	**19,829**	20,214	20,248	20,937	21,842	21,933	21,794	21,733	21,078	20,931
Holland Tunnel	**16,590**	17,037	16,609	16,871	17,349	17,365	16,982	16,963	16,566	15,764
Staten Island Bridges	**32,334**	32,724	32,517	32,970	33,857	33,457	33,479	33,649	33,205	33,875
Total vehicles	**119,150**	121,206	121,500	123,725	127,004	127,020	125,867	126,547	123,820	125,244
Automobiles	**108,428**	110,482	110,755	112,176	115,349	115,506	114,481	115,219	112,869	114,005
Buses	**3,111**	3,122	3,119	3,158	3,139	3,140	3,137	3,123	3,041	3,121
Trucks	**7,611**	7,602	7,626	8,391	8,516	8,374	8,249	8,205	7,910	8,118
Total vehicles	**119,150**	121,206	121,500	123,725	127,004	127,020	125,867	126,547	123,820	125,244
Bus Facility Terminals										
Bus facilities passengers	**76,493**	75,378	75,769	76,236	71,540	72,731	69,060	69,871	69,428	69,236
Bus movements	**3,395**	3,338	3,386	3,375	3,361	3,394	3,346	3,426	3,447	3,561
PATH										
Total Passengers	**76,600**	73,911	72,277	74,956	71,592	66,966	60,787	57,725	47,920	51,920
Passenger weekday average	**256**	247	243	253	242	227	206	194	160	174
Total Interstate Transportation Network Net Capital Expenditures	**$ 895,688**	$ 1,005,891	$ 935,147	$ 834,742	$ 660,620	$ 491,269	$ 471,306	$ 463,652	$ 751,509	$ 474,978
PORT COMMERCE										
Containers in twenty foot equivalent units (TEU) (in thousands)	**5,503**	5,292	4,562	5,249	5,298	5,015	4,793	4,478	4,068	3,749
International waterborne vehicles (in thousands)	**388**	493	440	724	790	725	625	670	608	634
Waterborne bulk commodities (in metric tons) (in millions)	**4**	3	5	5	7	6	5	5	3	2
Total Port Commerce Net Capital Expenditures	**$ 228,747**	$ 302,858	$ 174,459	$ 181,772	$ 288,677	$ 228,873	$ 220,545	$ 258,669	$ 298,162	$ 209,942
THREE MAJOR AIR TERMINALS										
John F. Kennedy International Airport total passengers	**47,684**	46,514	45,878	47,790	47,717	42,630	40,892	37,517	31,737	29,939
LaGuardia Airport total passengers	**24,122**	23,983	23,163	23,077	24,985	25,810	25,889	24,452	22,483	21,987
Newark Liberty International Airport total passengers	**33,712**	33,194	33,429	35,347	36,367	35,692	33,078	31,908	29,451	29,221
Total passengers	**105,518**	103,691	102,470	106,214	109,069	104,132	99,859	93,877	83,671	81,147
Domestic passengers	**69,052**	68,071	68,956	71,579	75,546	73,163	70,223	66,329	59,655	57,320
International passengers	**36,466**	35,620	33,514	34,635	33,523	30,969	29,636	27,548	24,016	23,827
Total passengers	**105,518**	103,691	102,470	106,214	109,069	104,132	99,859	93,877	83,671	81,147
Total Cargo-tons	**2,207**	2,261	1,925	2,343	2,620	2,697	2,695	2,799	2,723	2,583
Revenue Mail-tons	**185**	186	205	237	227	194	180	194	188	147
Total Plane Movements	**1,185**	1,168	1,181	1,249	1,271	1,222	1,191	1,156	1,020	1,056
Total Air Terminals Net Capital Expenditures	**$ 243,995**	$ 518,545	$ 658,292	$ 624,700	$ 685,787	$ 587,265	$ 501,476	$ 410,581	$ 560,695	$ 784,711

(a) Reflects reorganization of Development Department in 2011. The Development Department was established in early 2007.

(b) Includes staff such as engineering, finance, human resources, legal, technical services and other activities that provide support to the different Port Authority lines of business.

(c) Some 2011 and 2010 numbers reflect estimated and revised data, respectively.

Schedule E - Information on Port Authority Operations

	Year ended December 31, 2011							2010
	Gross Operating Revenues	Operating Expenses(a)	Depreciation & Amortization	Income (Loss) from Operations	Interest & Other Expenses(b)	PFCs, Grants & Other	Net Income (Loss)	Net Income (Loss)
				(In thousands)				
INTERSTATE TRANSPORTATION NETWORK								
G.W. Bridge & Bus Station	$ 469,928	$ 117,428	$ 38,083	$ 314,417	$ 33,384	$ 1,071	$ 282,104	$ 262,335
Holland Tunnel	132,039	71,257	17,483	43,299	12,093	942	32,148	28,805
Lincoln Tunnel	164,026	95,515	33,797	34,714	19,040	2,309	17,983	11,071
Bayonne Bridge	30,047	20,780	5,194	4,073	8,410	238	(4,099)	(6,840)
Goethals Bridge	131,816	24,718	12,646	94,452	8,310	244	86,386	81,827
Outerbridge Crossing	115,585	25,543	11,260	78,782	3,895	279	75,166	68,821
P. A. Bus Terminal	35,536	105,719	23,288	(93,471)	20,206	1,121	(112,556)	(80,108)
Subtotal - Tunnels, Bridges & Terminals	1,078,977	460,960	141,751	476,266	105,338	6,204	377,132	365,911
PATH	117,921	309,703	142,551	(334,333)	88,599	26,998	(395,934)	(429,110)
Permanent WTC PATH Terminal	-	-	23,090	(23,090)	-	314,212	291,122	203,591
Journal Square Transportation Center	3,181	12,430	5,106	(14,355)	3,531	-	(17,886)	(16,657)
Subtotal - PATH	121,102	322,133	170,747	(371,778)	92,130	341,210	(122,698)	(242,176)
Ferry Transportation	167	590	4,442	(4,865)	3,671	498	(8,038)	(8,579)
Access to the Regions Core (ARC)	-	2,191	10,115	(12,306)	5,674	-	(17,980)	(83,651)
Total Interstate Transportation Network	1,200,246	785,874	327,055	87,317	206,813	347,912	228,416	31,505
AIR TERMINALS								
LaGuardia	334,142	236,732	45,666	51,744	30,969	8,691	29,466	42,465
JFK International	1,068,759	685,318	150,304	233,137	114,113	11,909	130,933	187,541
Newark Liberty International	772,987	408,513	118,855	245,619	86,153	14,668	174,134	153,578
Teterboro	36,794	22,734	11,837	2,223	7,359	19,331	14,195	12,145
Stewart International	8,475	19,249	663	(11,437)	475	4,441	(7,471)	(4,137)
Heliport	-	158	-	(158)	-	-	(158)	(2)
PFC Program	-	12,878	91,153	(104,031)	4,999	214,456	105,426	113,988
Total Air Terminals	2,221,157	1,385,582	418,478	417,097	244,068	273,496	446,525	505,578
PORT COMMERCE								
Port Newark	73,022	81,869	26,053	(34,900)	25,107	5,091	(54,916)	(29,092)
Elizabeth Marine Terminal	119,820	39,918	40,314	39,588	43,706	523	(3,595)	17,048
Brooklyn	6,435	10,930	457	(4,952)	1,382	273	(6,061)	(5,627)
Red Hook	5,448	15,349	35	(9,936)	-	-	(9,936)	13
Howland Hook	15,035	9,205	17,231	(11,401)	17,177	-	(28,578)	(28,124)
Greenville Yard	341	(85)	-	426	-	-	426	327
NYNJ Rail LLC	1,783	4,992	379	(3,588)	407	2,747	(1,248)	(2,885)
Port Jersey - Port Authority Marine Terminal	14,577	22,875	2,157	(10,455)	9,175	-	(19,630)	(42,326)
Total Port Commerce	236,461	185,053	86,626	(35,218)	96,954	8,634	(123,538)	(90,666)
DEVELOPMENT								
Essex County Resource Recovery	63,519	65,427	1,411	(3,319)	664	-	(3,983)	(1,478)
Industrial Park at Elizabeth	1,068	254	286	528	372	-	156	349
Bathgate	4,301	1,676	1,445	1,180	437	-	743	958
Teleport	15,608	14,872	2,094	(1,358)	846	-	(2,204)	(1,266)
Newark Legal & Communications Center	2,739	348	3,010	(619)	1,339	-	(1,958)	(4,228)
Queens West	6,645	(13)	605	6,053	1,921	-	4,132	350
Hoboken South	6,920	73	2,841	4,006	3,686	-	320	20
Total Development	100,800	82,637	11,692	6,471	9,265	-	(2,794)	(5,295)
WORLD TRADE CENTER								
WTC Site	41,816	80,940	7,338	(46,462)	(4,516)	275,151	233,205	(24,532)
One World Trade Center	-	21,628	-	(21,628)	(45)	100,000	78,417	12,828
WTC Tower 4	-	-	-	-	-	-	-	-
WTC Tower 5	-	1,521	-	(1,521)	(3)	-	(1,518)	9,720
WTC Retail LLC	-	2,188	1,538	(3,726)	(35)	-	(3,691)	6,375
Total World Trade Center	41,816	106,277	8,876	(73,337)	(4,599)	375,151	306,413	4,391
Port Authority Insurance Captive Entity, LLC	-	4,015	-	(4,015)	(3,371)	-	(644)	102
Regional Programs	-	15,531	77,537	(93,068)	60,042	-	(153,110)	(151,825)
Recoverables (expenses) related to the events of September 11, 2001	-	-	-	-	-	-	-	53,051
Total Port Authority	$ 3,800,480	$ 2,564,969	$ 930,264	$ 305,247	$ 609,172	$ 1,005,193	$ 701,268	$ 346,841

(a) Amounts include all direct operating expenses and allocated expenses.
(b) Amounts include net interest expense (interest expense less financial income), 4 WTC associated payments, pass-through grant program payments and gain or loss generated by the disposition of assets, if any.

Schedule F - Information on Port Authority Capital Program Components

	Facilities, net Dec. 31, 2010	Net Capital Expenditures	Depreciation	Facilities, net Dec. 31, 2011
		(In thousands)		
INTERSTATE TRANSPORTATION NETWORK				
G.W. Bridge & Bus Station	$ 806,313	$ 46,981	$ 38,084	$ 815,210
Holland Tunnel	366,602	19,229	17,483	368,348
Lincoln Tunnel	459,068	34,778	33,797	460,049
Bayonne Bridge	184,733	12,467	5,194	192,006
Goethals Bridge	253,408	18,081	12,646	258,843
Outerbridge Crossing	86,931	2,272	11,260	77,943
P. A. Bus Terminal	472,062	34,951	23,288	483,725
Subtotal - Tunnels, Bridges & Terminals	2,629,117	168,759	141,752	2,656,124
PATH	1,775,477	332,189	133,918	1,973,748
Temporary WTC PATH Station	312,882	-	8,634	304,248
WTC Transportation Hub	1,747,811	382,272	23,090	2,106,993
Journal Square Transportation Center	90,744	6,336	5,106	91,974
Subtotal - PATH	3,926,914	720,797	170,748	4,476,963
Ferry Transportation	123,945	6,132	4,442	125,635
Access to the Region's Core (ARC)	128,848	-	10,115	118,733
Total Interstate Transportation Network	6,808,824	895,688	327,057	7,377,455
AIR TERMINALS				
LaGuardia	851,348	(5,517)	45,665	800,166
JFK International	2,594,767	(36,314)	150,304	2,408,149
Newark Liberty International	1,918,001	54,489	118,855	1,853,635
Teterboro	214,952	23,702	11,837	226,817
Stewart International	51,322	8,668	663	59,327
Heliport	-	-	-	-
PFC Program	1,928,486	198,967	91,153	2,036,300
Total Air Terminals	7,558,876	243,995	418,477	7,384,394
PORT COMMERCE				
Port Newark	622,200	77,932	26,053	674,079
Elizabeth Marine Terminal	1,059,903	71,305	40,314	1,090,894
Brooklyn	34,764	4,619	457	38,926
Red Hook	216	(23)	35	158
Howland Hook	465,792	65,210	17,231	513,771
Greenville Yard / NYNJ Rail LLC	10,641	2,872	379	13,134
Port Jersey-Port Authority Marine Terminal	169,361	6,832	2,157	174,036
Total Port Commerce	2,362,877	228,747	86,626	2,504,998
DEVELOPMENT				
Essex County Resource Recovery	12,701	-	1,410	11,291
Industrial Park at Elizabeth	7,514	-	286	7,228
Bathgate	9,596	-	1,445	8,151
Teleport	19,070	57	2,094	17,033
Newark Legal & Communications Center	29,422	-	3,010	26,412
Queens West	89,063	(1)	605	88,457
Hoboken South	82,775	-	2,841	79,934
PreDevelopment Site Acquisition	26,612	(26,612)	-	-
Total Development	276,753	(26,556)	11,691	238,506
WORLD TRADE CENTER				
WTC Site	1,154,379	578,379	6,533	1,726,225
One World Trade Center	1,291,429	629,950	-	1,921,379
WTC Towers 2, 3 & 4	494,215	565,575	-	1,059,790
WTC Memorial	215,742	71,150	805	286,087
WTC Retail LLC	394,305	242,687	1,538	635,454
Total World Trade Center	3,550,070	2,087,741	8,876	5,628,935
FACILITIES, NET	$ 20,557,400	$ 3,429,615	$ 852,727	$ 23,134,288
REGIONAL PROGRAMS	$ 694,388	$ 3,332	$ 77,537	$ 620,183

Schedule G - Port Authority Facility Traffic*

TUNNELS AND BRIDGES (Eastbound Traffic)	2011	2010
All Crossings		
Automobiles	**108,428,000**	110,482,000
Buses	**3,111,000**	3,122,000
Trucks	**7,611,000**	7,602,000
Total vehicles	**119,150,000**	121,206,000
George Washington Bridge		
Automobiles	**46,116,000**	46,954,000
Buses	**487,000**	514,000
Trucks	**3,794,000**	3,763,000
Total vehicles	**50,397,000**	51,231,000
Lincoln Tunnel		
Automobiles	**16,644,000**	17,034,000
Buses	**2,156,000**	2,139,000
Trucks	**1,029,000**	1,041,000
Total vehicles	**19,829,000**	20,214,000
Holland Tunnel		
Automobiles	**15,968,000**	16,460,000
Buses	**268,000**	265,000
Trucks	**354,000**	312,000
Total vehicles	**16,590,000**	17,037,000
Staten Island Bridges		
Automobiles	**29,700,000**	30,034,000
Buses	**200,000**	204,000
Trucks	**2,434,000**	2,486,000
Total vehicles	**32,334,000**	32,724,000

PATH	2011	2010
Total passengers	**76,600,000**	73,911,000
Passenger weekday average	**256,186**	246,890

MARINE TERMINALS	2011	2010
All Terminals		
Containers	**3,197,016**	3,076,395
General cargo (a) (Metric tons)	**33,954,000**	32,170,041
Containers in twenty foot equivalent units	**5,503,485**	5,292,020
International waterborne vehicles	**387,656**	493,245
Waterborne bulk commodities (in metric tons)	**3,885,614**	3,192,132
New Jersey Marine Terminals		
Containers	**2,652,744**	2,500,503
New York Marine Terminals		
Containers	**544,272**	575,892

AIR TERMINALS	2011	2010
Totals at the Major Airports		
Plane movements	**1,185,419**	1,167,849
Passengers	**105,518,365**	103,691,426
Cargo-tons	**2,206,611**	2,261,352
Revenue mail-tons	**185,228**	185,681
John F. Kennedy International Airport		
Plane movements	**409,383**	396,912
Passengers	**47,683,529**	46,514,154
Domestic	**23,763,046**	23,404,277
International	**23,920,483**	23,109,877
Cargo-tons	**1,387,330**	1,392,866
LaGuardia Airport		
Plane movements	**365,896**	361,616
Passengers	**24,122,478**	23,983,082
Domestic	**23,086,756**	22,950,115
International	**1,035,722**	1,032,967
Cargo-tons	**7,292**	7,516
Newark Liberty International Airport		
Plane movements	**410,140**	409,321
Passengers	**33,712,358**	33,194,190
Domestic	**22,202,662**	21,716,886
International	**11,509,696**	11,477,304
Cargo-tons	**811,989**	860,970

TERMINALS	2011	2010
All Bus Facilities		
Passengers	**76,493,000**	75,377,900
Bus movements	**3,395,000**	3,338,300
Port Authority Bus Terminal		
Passengers	**64,550,000**	63,585,000
Bus movements	**2,263,500**	2,220,000
George Washington Bridge Bus Station		
Passengers	**4,605,000**	4,510,000
Bus movements	**307,000**	300,000
PATH Journal Square Transportation Center Bus Station		
Passengers	**7,338,000**	7,282,900
Bus movements	**824,500**	818,300

*Some 2011 and 2010 numbers reflect estimated and revised data, respectively.

(a) International oceanborne general cargo as recorded in the New York - New Jersey Customs District.